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COVER: Superconductivity, once a dead 64 end, becomes the hottest thing in physics

Flying trains. Practical electric cars. Dime-a-dozen medical imaging machines. Normally cautious scientists are talking seriously about the prospects for these and other blue-sky inventions. Reason: a rapid-fire series of breakthroughs in substances that conduct electricity with perfect efficiency could eventually revolutionize technology. See SCIENCE.



NATION: As the Iran-contra hearings 10 begin, the White House feels the heat

With a surprise opening witness, a select congressional committee explores a secret privatization of foreign policy designed to defy Capitol Hill on *contra* aid. ► The first criminal casualty of the affair pleads guilty and points a finger at Oliver North. ► A varied cast of characters get ready to face a grilling. ► New social clubs offer AIDS screening for jittery singles.



ESSAY: Nobel Laureate Elie Wiesel 93 examines the trial of Klaus Barbie

The "Butcher of Lyons," who eluded his postwar pursuers for almost 40 years with help from the U.S. and other governments, goes on trial next week for crimes against humanity. Will Klaus Barbie, seized by Nazi-hunters in Bolivia and extradited to France, now name those who assisted him in escaping justice and force a judgment day for nations as well as individuals?



32 World

Reagan and Nakasone meet and try to avoid a trade clash. ► An American death in Nicaragua. ► U.S. to Waldheim: stay home.

49 Law

Increased pursuit of child sex abusers raises concerns about damaging false charges. ► "Propaganda" labels do not chill free speech.

50 Economy & Business

U.S. jet builders face keen competition from Europe's Airbus. ► New hope for computer makers. ► How the FDIC closes a bank.

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In a pair of landmark experiments, scientists in California conduct the first authorized release of man-made microbes into the open air.

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76 Education

At the National Academy of Sciences, tensions build between hard and soft scientists. ► Princeton gets a president from Michigan.

79 Living

Panda mania! All New York turns out for China's newest ambassadors, Ling Ling and Yong Yong, as they settle into the Bronx Zoo.

81 Art

After hitting its nadir in 1985, the Whitney Biennial is back: less airheaded, more conservative, offering some distinct pleasures.

83 Books

Choreographer Paul Taylor recalls the saints and demons of a dancer's life. ► *A History of the Jews* recounts 4,000 years of awe.

Cover:
Illustration by
Philip Castle

A Letter from the Publisher

Last summer passed painfully for Margie Brauer, 60, and her husband Ernie, 69, one of the thousands of American farm families who have been battling hard times. Mired in debt, the Norlina, N.C., couple declared bankruptcy in April 1986. Then, facing foreclosure on the 228-acre farm that she and Ernie had worked for 40 years, Margie wrote an eloquent letter to a court-appointed trustee, expressing the hope that she and her husband might somehow retain their self-respect as they went through the agonizing process of giving up their home and land. *TIME* reprinted that letter (*NATION*, Sept. 8), prompting an outpouring of mail from across the U.S. and half a dozen foreign countries. Many of those letters offered not only sympathy but also financial assistance (A LETTER FROM THE PUBLISHER, Sept. 22). The money, about \$22,000, helped ease a bit of the financial strain on the Brauers, though their total assets of \$413,000 fell far short of the \$678,000 they owed. Last November, Margie and Ernie watched as their cattle were taken away, but they were allowed to remain in their home until the rest of their property could be sold.

Then, unexpectedly, came an event that Margie Brauer calls the "turning point in our lives." A Dutch-born businessman who lived in Switzerland read about the couple's difficul-

ties. He had always been grateful to the U.S. for the part its Army played in helping liberate the Netherlands in World War II. Acting through an intermediary in February, the businessman (who insists on anonymity) gave the Brauers 100,000 Swiss francs—about \$60,000. Ernie, an Army veteran who fought in

Holland during the war, said simply, "Thank God." Margie was more expansive. "I had accepted the fact that things would never be the same again," she said. "It's just a blessing."

The money made it possible for the Brauers and their lawyer to work out a deal with the bankruptcy trustee to buy back the farmhouse and 38 acres. Last Thursday a county clerk recorded the deed in the Brauers' name. Margie, who had taken a job as a hospital secretary to supplement Ernie's \$300 monthly Social Security check, sat securely in her kitchen last week. "I look out my window," she said. "Our view is so lovely from the house down to the creek. It has never been so green." But then she added quietly, "So many good things have come to us. In a way I am embarrassed. I still hurt for those who are so much worse off and have no recourse."



Margie and Ernie Brauer at ease down on the farm

ALAN KATZ

Robert L. Miller

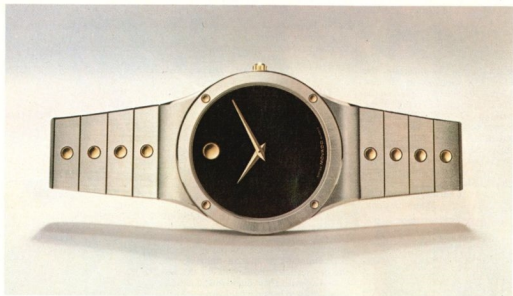
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Letters

Bugged Embassy

To the Editors:

In your attempt to illustrate the events at the U.S. embassy in Moscow [NATION, April 20], you have smeared the U.S. Marine Corps with your cover of the Marine with the black eye. Although I served in the Army, I am sickened by your insinuation. There were only a few Marines involved in the incident. Your cover makes it look as if you are out to get the whole Corps. You owe an apology to many dedicated Marines.

Charles F. Murphy Jr.
Stamford, Conn.



Who was the spineless, whimpering editor who approved this cheap shot at the Marines? He should spend a little time at a Marine Corps base asking Marines how they feel about giving secrets to the Soviets. By suggesting, as you do, that the mistakes of a few misguided souls symbolize the ineptitude of the entire Corps, you are tarnishing the pride of the Marines. That implication is not only an injustice, it is enough to give true Marines a knot in their stomachs. I do not like the way you portrayed my Marine Corps, not one damn bit. Why don't you show the Marines how much literary backbone you have and print this contrary view?

James L. Coster
Cambridge, Mass.

As a former Marine corporal, I was saddened by your cover. My question is, After the slaughter of more than 200 Marines in Beirut, why wasn't President Reagan on the cover with two black eyes?

Paul L. Gremmels
Glenwood, Minn.

What have we as a nation done to instill in our youth an attitude that condones the thrill of the moment? Are the desire for extra money and the need for pleasure so important to our young people that they will abandon their consciences and betray their country? Perhaps television is the source of this life-style, or may-

be our business. Whatever, we appear to be a society that has become so shallow that we have lost our integrity.

Sandy Darby
Aurora, Colo.

I do not blame the Soviets for bugging the newly built U.S. embassy in Moscow. Spying on your enemies is a normal part of international affairs. I blame the U.S. security experts who did not foresee or prevent this expensive fiasco.

Jason Cohen
Oak Park, Ill.

Thatcher in Moscow

After reading about British Prime Minister Margaret Thatcher's visit to the Soviet Union [WORLD, April 13], I feel I must respond to the hypocrisy of Thatcher's comments on human rights. Before she can criticize the Soviets for the way they deal with their dissidents, Thatcher should turn to her own backyard—Northern Ireland—where democracy has ceased to exist since the Anglo-Irish Agreement of 1985. The pact endangers the civil rights of citizens in an integral part of the United Kingdom, namely Northern Ireland, and gives a foreign flag equal status with the Union Jack. In contrast to the Soviet citizens who turned out in droves to welcome Thatcher, we in Northern Ireland look upon her as someone who has only added to our pain, anger and distress.

Ian Paisley Jr.
Belfast Young Democrats
Belfast

DINK ADO

The article describing DINKS (double-income, no-kids couples), who are the new subset of highrollers [LIVING, April 20], omitted my acronym. I am a SINK (single income, no kids). A friend of mine is a SUNK (single, unemployed, no kids).

Cheryl A. Harper
Charlotte, N.C.

My husband and I spent years DINK-ing around, until 1987, when we built a home and had twins. We are now PHOBs (previous highrollers, on a budget).

Karen Dreher Burdick
Livonia, Mich.

I will settle anytime for the FIKs (families including kids).

Emile Karson
Potomac, Md.

Among our friends, the more appropriate acronym is SICK (single income, couple of kids).

Ann Dallavalle
Pasadena, Calif.

Not all couples who are childless by choice have it all. It is perhaps more valid to examine the motivation of those who

choose to reproduce without considering how they are going to support and nurture their youngsters.

Myrna F. Solganick
Middleton, Wis.

What about that classy group, the SWANKS (single women and no kids)?

Mary Louise Kearny
Paris

DINK couples say they cannot have children because they do not have the time for them. As a Turkish exchange student, I see this decision as an expression of extreme egoism and a reflection of America's fast life-style. In my country, we encourage having children. Most husbands and wives have to work just as hard as DINKs to make a living, yet Turkish couples still find time for family life.

Kamuran Godelek
Greensboro, N.C.

The DINKs will not be with us for too long. If they do not start having babies soon, they will make themselves extinct.

Sheldon Pine
Zurich

Burnished Sunflowers

In his review of the auction of Van Gogh's *Sunflowers* [ART, April 13], Robert Hughes refers to the picture as "dead," "callused" or "reduced" because of "unstable" chrome yellows. On the contrary, this canvas of sunflowers is sublime. Vincent's brother Theo supplied Van Gogh with the best paints Theo could buy. While working on a book on French sunflowers and Van Gogh's paintings, I encountered a botanical phenomenon. Sunflower colors change with age, weather, time of day and even the soil—burnished gold, burnt lemon, dusty ochre and pumpkin orange. Van Gogh simply painted these flowers as he saw them, exaggerating nothing. The painting on the auctioneer's easel showed the real thing.

David Douglas Duncan
Mouans-Sartoux, France

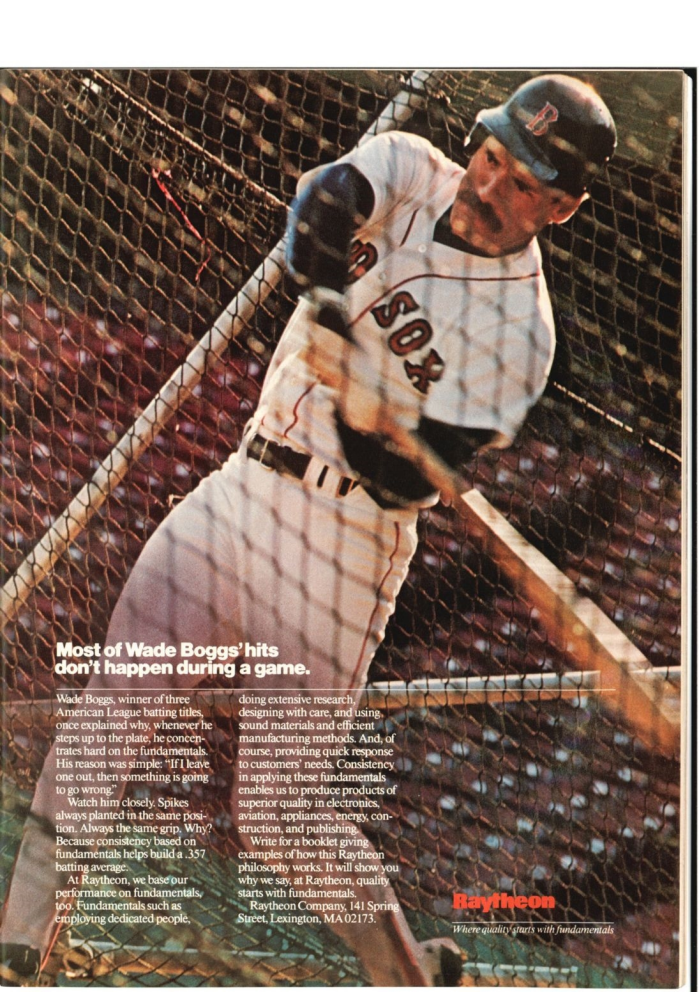
Hospital Care

In your article on New York Hospital [MEDICINE, April 27], I am quoted as saying, "We have done many terrible things in the past." Such a statement could be construed as relating to the care we give our patients. I certainly never intended to imply that the care provided by our excellent medical and nursing staff is anything less than first rate.

David D. Thompson, M.D., Director
New York Hospital
New York City

Airing Racism

I watched the ABC *Nightline* program when Doggie Vice President Al Campanis made racist remarks about blacks



Most of Wade Boggs' hits don't happen during a game.

Wade Boggs, winner of three American League batting titles, once explained why, whenever he steps up to the plate, he concentrates hard on the fundamentals. His reason was simple: "If I leave one out, then something is going to go wrong."

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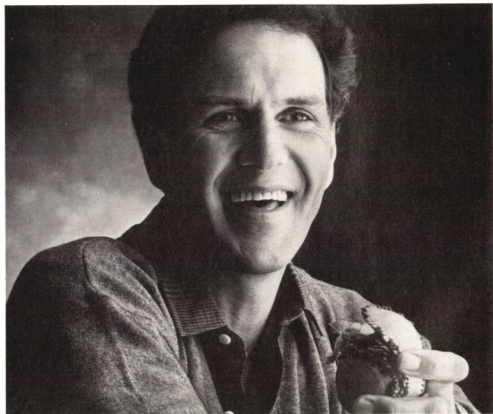
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Letters

[SPORT, April 20]. It is inconceivable that the Dodgers' owners did not know Campanis' attitude. For management, his sin was not to harbor racist views but to express them openly. Let us hope that these same officials will no longer tolerate derogatory comments in private any more than they do in public.

Hwa-tsun Feng
Kent, Wash.

The U.S. has come a long way since 1947, when Jackie Robinson broke the color barrier by joining the Brooklyn Dodgers. Eliminating racial discrimination enriched America's favorite game immeasurably because it enabled countless talented athletes to play in the major leagues. Of equal value to breaking the color line would be a program to promote athletes into managerial positions. Merit alone did a fine job on the field; it will work equally well in the clubhouse.

Jonathan G. Solomon
Hampton, Va.

Trading with Japan

U.S. sanctions against the importation of Japanese electronic products [WORLD, April 13] resulted from the inability of Japanese semiconductor manufacturers to understand the fears of American businessmen who saw the relentless expansion by the Japanese into global markets as an attempt to destroy the U.S. semiconductor industry. This insensitivity on the part of the Japanese manufacturers is symptomatic of the way they approach their business problems. The Japanese have always been more concerned about their competition at home than with their counterparts in the U.S.

Kankichi Itani, President
Itani Trading Co. Ltd.
Tokyo

If, as Senator Pete Wilson says, we are "at war with Japan," then there are an awful lot of American firms engaged in traitorous business. I work for a Japanese company whose main customer is an American firm that buys Japanese components. Because of these imports, the American company has been laying off workers and closing factories in the U.S. At the same time, it is steadily increasing its purchases of parts from my firm. Four years ago, I came to this country to learn how to succeed in selling to the Japanese. I now wonder if I have not been wasting my time. Many American businessmen would simply rather buy directly from the Japanese than face the task of having to compete against them.

Frederick Locke
Tokyo

LETTERS TO THE EDITOR should be addressed to TIME, Time & Life Building, Rockefeller Center, New York, N.Y. 10020, and should include the writer's full name, address and home telephone. Letters may be edited for purposes of clarity or space.

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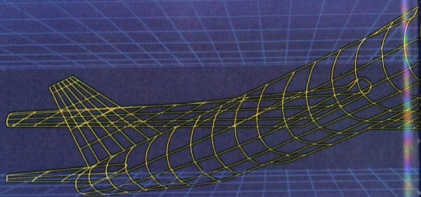
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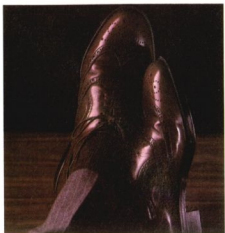
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American Scene

In New Hampshire: Skid Marks



Tom Rush has a guitar, a farm, a family and a central organization

"You made a record, and everyone bought it. Then you went on tour, and everyone lined up for tickets. That was all any of us knew about the music business, and that included the people who ran the business." The speaker is Tom Rush, a folk singer, acoustic-guitar operator and onetime rambling man with some mileage on him. Just now, like other New Hampshiremen in Mud Season, he feels entitled to be a touch grouchy. There was plenty of snow for cross-country skiing this winter on the logging roads around his big hillside house, but the maple-syrup season was no damned good at all, and then outrageous rains flooded nearby roads so that Keene and Concord were just about unreachable. Blackfly season is not more than 15 minutes away. Still, the sun is shining, just barely, and yes—a sour grin—even the music business is beginning to show signs of life.

Rush, a lean, easy-moving, must-tatched fellow of 46, got his start as a folkie in Cambridge, Mass., when he was a sophomore at Harvard. Joan Baez was beginning to make a name in Cambridge then, and both of them played at a folk hangout called Club 47.

That was in 1961, near the beginning of what those who know all the verses to *Freight Train* now call, with the rueful irony of survivors, the "great folk-music scare of the '60s." For the rest of the decade and part of the '70s too, Rush spent most of his time on the road, as he recalls now, playing concerts and club gigs, getting a lavender tan from stage lights, finding his moments of repose watching the mysterious turning, turning of airport carousels, living a life that made more money than sense. A song he wrote in those cockerel days yipped, "I can't stop more than just a few minutes,

baby, make love to you, hey, hey, hey, I'm on the road again." Now when he sings it, a rooted New Hampshire householder with a wife and two young sons, there is a note of amazement in his voice: "Did I really do all that crazy stuff?"

Sure did, while the ramble lasted. Then the national enthusiasm for folk music faded to its customary polite murmur. Rush was still fairly successful, but that was fairly disastrous in the platinum-or-bust pop-music world. Punk was big; should he dye his hair purple and wear Spandex? Or mess around with country rock? A couple of years before, he had bought a shaggy, overgrown 600-acre farm in the southern part of New Hampshire, his home state. He had a good view of Mount Monadnock and enough money to hide out for a year. As the fat years ran out in the early '70s, he retreated to the woods. He spent his time clearing saplings on old logging trails; good folk-song material here. He bought some beehives. He tapped his maple trees in the spring and discovered with a born-again countryman's pleasure that his illustrious ancestor, Dr. Benjamin Rush of Philadelphia, a signer of the Declaration of Independence, had written a long letter to Thomas Jefferson, promoting maple sugar as a boon to health and commerce.

Low ambition, low energy, he says now of this period. Low results too; he kept his guitars tuned, but the none-too-healthy pop-music industry, then as now, was preoccupied with selling rock 'n' roll to teenagers. Listeners, when he had listeners, cheered his *Drop Down Mama* and *Rainy Day Man* and laughed at his New Hampshire jokes. But in one of the gutsy blues yowls that he had begun to sing in his twangy weathered baritone, he complained about feeling "like some old en-



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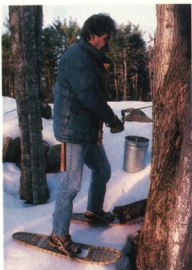
American Scene

gine, lost my driving wheel . . ." And that described his stalled career at the end of the '70s.

His moves since then seem logical enough now, but at the time they took some nerve. He began to talk things over with David Sykes, an old friend who teaches a course in entrepreneurship at Boston University. Sykes believed that Rush's fans were still out there, 15 years older and living in better neighborhoods. This audience was still receptive to the music it liked, but not in sports arenas with 20,000 screaming kids.

This made sense to Rush, and so did Sykes' idea of how to be an entrepreneur: "Leave skid marks at the edge of the cliff." Rush was about to leave some. The year before, 1980, he had failed to fill a 500-seat rock club in Boston for a Christmas show, at \$7 a ticket. Now he booked the city's classiest concert house, the 2,600-seat Symphony Hall, for a year-end performance at \$15. It was a \$20,000 gamble, and it paid off in a sellout. A year later, when he repeated the concert, Bostonians talked of his "traditional" Symphony Hall year-ender. Next season public television filmed the show. By this winter the year-ender had grown to a three-performance weekend exhaust-a-thon with Symphony Hall set up cabaret-style and tickets pegged up to \$24.50. Rush followed what he calls a Club 47 format, an idea he worked out with Sykes. What it boils down to is not just a lot of guest talent but as much interaction as possible among the performers.

"Chaos describes it nicely," says Rush, but when it works, it means that Guitar Wizard David Bromberg, for example, doesn't just appear, do a three-song Bromberg bubble unrelated to anything else and then vanish. Instead he may back up Rush later on slide guitar and improvise a number with the gifted white Bluesman John Hammond. This



In early spring, there are maples to tap

season's featured guest was the formidable black Rhythm-and-Blues Pioneer Bo Diddley, whose major weapon is a five-speed turbo electric guitar built in a startling rectangular shape.

This winter, unless he had played the night before, Rush heaved out of bed at 5:30 a.m. He would be on cross-country skis at first light, breaking trail on his logging roads. By 7:30 he had showered, and driven his sons Benjamin, 11, and Richard, 4, to school. He ate breakfast with his wife Beverly, and by 8 a.m. was busy at his desk in an office partitioned off in what must have been the hayloft of his barn. Then...

Wait a minute. This guy is a folk singer? A modern Leadbelly? He sounds like one of those hero CEOs in *FORTUNE* or *Forbes* who eats nails, sleeps three hours a night and never, never loses his driving wheel. Worse to come: by 9 a.m., the six employees of Maple Hill Productions have started to arrive, make coffee and restructure the music biz. The strategy that Rush worked out with Sykes was to use the Tom Rush name for leverage, once it was re-established. Then he would create a central organization that could bring folk musicians and audiences together. Now, Maple Hill Inc. of Hillsboro, N.H., is percolating as a record company called Night Light Recordings, a booking agent for new and used talent, a publisher, a producer of special events (with clam-bakes, boat rides and fireworks thrown in, if that's what you want) and a mail-order house that sends out records and tapes and T shirts.

Defining folk music as anything folks will listen to is too broad for Rush and Maple Hill, and confining it to Elizabethan ballads played on dulcimers is way too narrow. Most of the artists associated with Rush and Maple Hill play acoustic instruments, though Rush's keyboardist, Irwin Fisch, for instance, played a Baldwin grand rigged out with a synthesizer at Symphony Hall. Bill Morrissey is a quirky, funny New Hampshireman who sometimes performs with Rush, singing made-by-hand songs about how he should be working the second shift at the shoe factory, except that here he is in this bar and probably won't make it tonight. David Buskin and Robin Batteau are classically trained musicians, sophisticated enough to put across an intricate, pun-mad parody of Thomas Mann's *Death in Venice* ("He was a great musician, who finally learned decomposition...") Christine Lavin sings witty, wistful songs about shouldering your way through the big world when you are only five feet tall and not very fierce.

Meanwhile, there's a spread sheet to be read and plans to be made for a folk-music conference to be held at the farm in June. No, forget June, there are buckets to be taken down on Rush's roadside sugar maples, and it's time to put in blueberry bushes. Somebody's on the phone. Is he really doing all this crazy stuff? You bet. Has he found his driving wheel? Stay tuned.

—By Jack Show

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Nation

TIME/MAY 11, 1987

Hints of Conspiracy

The Iran-contra hearings will renew pressure on the White House



It is a uniquely American ritual. A concerned and curious citizenry gathers in an electronic version of a Colonial town meeting to watch their elected representatives grill Government officials, high and low, about a sorry episode in contemporary history. The viewing can be painful yet mysteriously exhilarating, boring at times yet somehow fascinating. It is an odd self-flagellation, but out of it can emerge a catharsis. The Government's secrets are exposed, its actions explained, condoned or condemned. The issue is faced. The nation moves on.

The process begins again this week as klieg lights illuminate the solemn faces of 15 Congressmen and eleven Senators seated on a two-tiered dais draped in burgundy bunting, at the opening of a four-month public exploration of the Iran-contra affair. This is the same Senate Caucus Room where television cameras revealed Senator Joseph McCarthy as a snarling bully. It is where Richard Nixon's closest aides told lies in a vain effort to support the President's Watergate crimes.

Are the stakes as high this time? Probably not, but the unpredictable lurks.

Said a White House aide last week: "You can never tell in what direction a hearing like this may go." Panel Member Peter Rodino, the New Jersey Congressman whose steady hand in 1974 dignified the impeachment proceedings against Nixon, hears echoes. "We have a situation again where we have much of the Executive Branch misunderstanding the rule of law," he says. "We just can't let that go unchallenged and unaddressed."

The alleged "misunderstanding" of the "rule of law" that Congress plans to probe goes far beyond the unhinged arms-for-hostages deals with Iran and the



Committee chairman: Senators Rudman and Inouye; Congressmen Hamilton and Cheney

to buy TV ads to persuade Congress to support the *contras*. But Fitzwater's response was carefully hedged. Said he: "In the legal view of the White House, the President is not a part of this conspiracy." Another aide fretted about what might be next in the chain of criminal charges: "These pleas tend to set up a domino effect, with one target leading to others. We have no real idea where it's going."

Even if Channell or others reveal that Reagan knew some of the private donations were being used for military supplies, it would not necessarily mean Reagan was a conspirator in breaking the tax-exemption laws. But at the very least it would show his earlier denials to be false. And if the conspiracy to use private donations for arming the *contras* turns out to have violated other laws, such as the Neutrality Act and the Boland Amendment, questions of White House involvement could become far more serious.

Before its hearings begin this Tuesday, the joint congressional committee staff will have interviewed 300 witnesses, reviewed more than 100,000 documents and issued 140 subpoenas. The investigation is prying loose what promises to be a spate of intriguing revelations about the Iran-*contra* affair.

By focusing on the covert policies the Administration pursued in Nicaragua, as well as Iran, the members plan to depict what many feel amounted to a dangerous privatization of foreign policy. The lesson of the hearings, predicts New Hampshire Republican Warren Rudman, will be that the Administration "cannot have a stated foreign policy aggressively pursued and a private foreign policy that is 180° opposite to it."

The role North and the CIA played in setting up this rogue network is already well documented. A central question will be the degree to which the President gave his knowing approval to the secret *contra*-funding efforts. The Tower board portrayed Reagan as incredibly uninformed about the specific activities of his National Security Council staff. But some Congressmen say the evidence indicates Reagan was well aware of the basic policies pursued. "The President was very knowl-

edgeable; he was involved very deeply," insists Hawaii Democrat Daniel Inouye, chairman of the Senate panel. Oklahoma's David Boren posed the committee's key question in phrases that carry a Watergate-era ring: "Did the President faithfully carry out the spirit of the law, or was he ignoring it? Did he subvert the process himself by trying to raise funds to get money to the *contras*?"

The panel selected as its first witness one who is likely to engage the public's attention. After taking the Fifth Amendment in earlier hearings and even risking a contempt citation for refusing to turn over financial records, retired Air Force Major General Richard Secord agreed to testify—without immunity from prosecution. Why? "He's convinced he did nothing wrong and wants to tell his story," explained Maine Senator George Mitchell. Considering his involvement in both the gunrunning to the *contras* and the logistics of sending arms to Iran, Secord could credibly hold such a view only if he believed he had been given clear authority for what he did. Declared Inouye: "Few people can tell this story from beginning to end, and General Secord is one of those people."

In addition to describing the network of private operatives North used in both the Iran arms deals and the *contra*-supply operations, Secord is expected to help untangle one of the scandal's chief remaining mysteries: Where did the money go? An arms dealer ever since he left the Pentagon in 1983, Secord joined a company run by Albert Hakim, an Iranian American who recently gave committee investigators thick notebooks containing details of the firm's various bank accounts. Proceeds from the Iranian arms sales as well as covert money for *contra* military supplies are believed to have moved through these accounts.

The committee's plan is to conduct its hearings in three stages: 1) the *contra* funding and military-resupply operation, which may take about four weeks; 2) the Iran arms deals and who may have been responsible for the diversion of profits to the *contras*, running into August; 3) a wrap-up period exploring the lessons learned and what legislation, if any, might be needed to prevent a similar breakdown

in the orderly and accountable conduct of foreign policy. The committee should be finished by Labor Day.

The joint committee has compiled an interesting list of 26 witnesses for the first phase, which some staffers refer to as an exploration of "Contra, Inc." Secord will be followed by Robert McFarlane, the former National Security Adviser, who has testified extensively about his unfortunate dealings with Iran but not about the secret *contra* resupply. He was at NSC when the Boland Amendment banned direct military aid to the rebels.

siphoning of profits to the Nicaraguan *contras*, which formed the focus of the Tower board's report in February. Instead, a central issue this time will be the role Administration officials played in pursuing a secret and possibly illegal foreign policy by using a shady cadre of private and semiprivate operatives to supply military aid to the *contras* when such aid was restricted by Congress.

How explosive this investigation could be was revealed last week, when Independent Counsel Lawrence Walsh secured the scandal's first guilty plea, one that led uncomfortably close to the Oval Office. Conservative Fund Raiser Carl ("Spitz") Channell admitted he had conspired to defraud the Government by using a tax-exempt "charitable" foundation to send military supplies to the *contras*. He named former National Security Council Aide Lieut. Colonel Oliver North as his "co-conspirator." North had not only helped persuade donors to give to Channell but had also successfully urged Ronald Reagan to thank many who did so.

White House Spokesman Martin Fitzwater reiterated Reagan's earlier claim that he thought the money was used only

Fund Raiser Channell leaving court after pleading guilty





The committee counsel: John Nields Jr. for the House and Arthur Liman for the Senate

Filling out the picture will be some lesser-known field agents who helped create the private network that kept the *contras* fighting despite the official cutoff. Among them: Robert Owen, who as North's roving envoy in Central America allegedly arranged weapons shipments, and *Contra* Leader Adolfo Calero, who will be asked about what help the rebels actually received.

Next will come the fund raisers who made the private military aid possible. They will include retired Army General John Singlaub, who solicited money openly for the *contras* on a worldwide basis; Barbara Studley, a rather mysterious friend of Singlaub's; Ellen Garwood, the Texas multimillionaire who donated lavishly to Channell's groups; and Jane McLaughlin, a former Channell aide who has spoken freely about his White House ties. Hakim, expected to return from living abroad, will flesh out the details of secret money transfers through Switzerland and the Cayman Islands.

The role of the NSC staff in setting up this *contra*-supply network will be explored through the testimony of such Secord associates as Robert Dutton and Richard Gadd, both of whom are believed to have worked closely with North. Then Felix Rodriguez, identified as a CIA agent who uses the moniker Max Gomez, will be asked to explain his job as liaison between El Salvador's air force and private pilots, some of whom wound up air-dropping supplies to the *contras* from Salvador's Ilopango Air Base. Recommended for his role by Donald Gregg, a top aide to Vice President George Bush, Rodriguez will be questioned about meetings he has had with Bush.

The official ties may be tightened as Lewis Tambs, former U.S. Ambassador to Costa Rica, is asked about working with North to get Costa Rica to keep a secret *contra* airstrip operating. The CIA station chief in Costa Rica, recently identified as Joseph Fernandez, will be quizzed about the *contras* and which of his CIA superiors was aware of his activities.

Some of the toughest grilling may be inflicted on Elliott Abrams, Assistant Secretary of State for Inter-American Affairs, who had insisted publicly that "nobody in this building had any idea of any contributions coming from a foreign government" just days before it was disclosed he had solicited \$10 million for the *contras* from the Sultan of Brunei. Worse yet, the money deposited into a Swiss account provided by North has disappeared. Says an Administration official: "Aside from the question of whether he did anything indictable, he will at the very least be sacrificed. Elliott knew most of the essential details of what Ollie and his boys were up to."

After starting Phase I with a potential bomb thrower, Secord, the committee expects to end it with the scandal's bombshell: North's secretary, Fawn Hall. Charges of a possible obstruction of justice could hinge in part on how she describes the documents



Was he unknowing or in charge?

One witness may have an answer.

she shredded, altered or spirited off to North after Attorney General Edwin Meese carelessly interviewed him about the Iran-*contra* diversion but failed to call in the FBI or lock up North's files.

Meese, who will not be called until Phase 2, can expect rough handling over his sloppy initial investigation as well as his dubious legal advice to the President that it was proper to withhold notification of the Iran deals from Congress. But as to whether there was a cover-up, Maine Republican Senator William Cohen notes, "You cannot prove that Meese's ineptitude was calculated."

By agreement with Independent Counsel Walsh, who has voiced deep concern about protecting possible indictments, the two key figures in the entire affair will not be heard until at least mid-June. Former National Security Adviser John Poindexter, who was kept informed by North about almost everything he did, poses the most direct peril to the President. Cool and at least outwardly serene at the center of the scandal, the pipe-puffing admiral has told friends he intends to lay his story out candidly and will not be shaken by others. He has privately said he feels that he kept the President informed of the Iran and *contra*-funding operations, including telling him in general terms on at least two occasions that the Iranian operations were benefiting the *contras*. Some committee members were irked last week when Reagan seemed to be sending Poindexter a signal. Asked whether he was worried about the admiral's testimony, Reagan replied, "No. John Poindexter's an honorable man... I was not informed."

As for North, no one can be sure of what the erratic officer will say. But the big question for North will be one that has the ring of Watergate: What did the President know?

This schedule of witnesses is daunting and certain to include hours of tedious testimony about secret bank accounts and weapons shipments. As one White House aide predicts, viewers (and the networks) are sure to switch back to the soap operas except when some of the major witnesses are on camera. "Our responsibility is not to entertain, but to inform," says Cohen, whose eloquence in the House Judiciary Committee impeachment debate helped propel him into the Senate.

But even if the hearings produce few explosions or smoking guns that can topple high officials, they could have a powerful historic impact. With the emotional force that often emerges from the accumulation of dry details, the nation will be shown how some in the Administration used a shady network to undermine America's policy of not trading for hostages and to circumvent laws prohibiting the Government from supplying military aid to the *contras*. The critical lesson, Cohen predicts, will be the discovery that "you can't formulate policy in some dark corner without heading toward anarchy."

—By Ed Magnuson. Reported by Michael Duffy and Hays Gorey/Washington

Channell's High Connections

A fund raiser's guilty plea creates the first Irancon conviction



"There are thousands of young men and women in Nicaragua who are waiting to join the contras. Only they don't have the arms and the equipment to take them on board. So we know what our job is. And God bless all of you."

The speaker was Ronald Reagan. The event: a talk in the Roosevelt Room of the White House to American donors to the contra cause last June—four months before the end of Congress's ban on U.S. military aid to the Nicaraguan rebels. Until last week the President's forthright praise for private donors to the contras provoked little legal controversy, and his assertions that he assumed their contributions were for nonmilitary purposes went largely unquestioned. But that is certain to change in the wake of last week's guilty plea by Fund Raiser Carl ("Spitz") Channell, who became the first person to be convicted on criminal charges under the 1978 special-prosecutor law.

In a surprising move, Independent Counsel Lawrence Walsh worked out an arrangement with Channell to plead guilty to one count of conspiracy to violate the laws governing tax-exempt foundations, and to agree to cooperate in the investigation. An aggressive, persuasive operator, Channell, 41, was one of the most successful fund raisers in Washington. His nine foundations and political-action committees collected nearly \$8 million last year for conservative causes.

According to Walsh, Channell's National Endowment for the Preservation of Liberty took in more than \$2 million from just three donors between April 1985 and May of last year. Contributions to N.E.P.L. were tax deductible, based on the group's claim that the money was for "educational and charitable" purposes. But Channell last week admitted that some of the funds were used to supply weapons to the contras.

Channell named two co-conspirators. One was Richard Miller, president of International Business Communications, a public relations firm that Channell claims funneled \$1.73 million of funds from N.E.P.L. to a Swiss bank account to aid the contras. The other was Lieut. Colonel Oliver North, the former National Security Council aide and chief architect of the secret contra supply network.

The White House acknowledges that the President held several meetings with some of Channell's major donors. At his press conference in March, Reagan

claimed that he had believed he was congratulating citizens who had contributed funds for pro-contra commercials. "I met with them to thank them, because they had raised money to put spot ads on television in favor of the contras in an effort to try and influence Congress to continue giving aid," claimed the President.

But skeptics point to a message sent by North to then National Security Adviser John Poindexter last May: "The President obviously knows why he has been meeting with several select people to thank them for their 'support for democ-

racy' in CentAm." To some, the remark indicates that Reagan was aware that Channell was doing more than drumming up money for TV ads.

North was critical to Channell's contra fund raising, meeting with potential contributors at the Old Executive Office Building and briefing them on the dangers of the Sandinista regime. Elliott Abrams, Assistant Secretary of State for Inter-American Affairs, also lectured groups of N.E.P.L. donors. Abrams told TIME last January that there was nothing wrong with his helping Channell's fund-raising efforts, since the money was being used for humanitarian aid.

Channell's donors were often elderly conservatives like Ellen Garwood, a Texas widow who reportedly gave \$1.97 million to N.E.P.L. Channell evidently told them their gifts would provide humanitarian aid to the contras. But some of the funds were directed to what was called Project Toys, which provided military aid. Donors claim that some money went to support Channell's high-flying life-style (stretch limousines, expensive restaurants, first-class trips). In addition, the foundation made two questionable payments, totaling \$17,500, to Channell's roommate, Eric Olson.

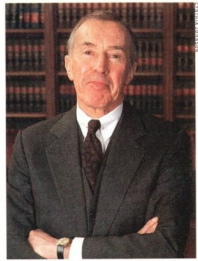
Channell also paid a retainer of \$20,000 a month to David C. Fischer, a former Reagan aide, to help arrange meetings between N.E.P.L. donors and the President. Until he left the White House in March 1985, Fischer was a longtime personal assistant to Reagan, with a small office right next to the Oval Office, and he retained his White House pass until last November. Channell bought influence from another former presidential aide, Lyn Nofziger, who had a contract with N.E.P.L. reportedly worth \$240,000 a year.

Even if Channell testifies that the President or others in the White House knew that some of the contributions were being used for arms, it would probably be difficult to implicate them on tax-fraud charges. But a Walsh staffer says that other legal issues might be involved. The Neutrality Act makes it a crime to participate in military activities against a nation at peace with the U.S., though that may not apply when the operations are authorized by the President.

Whether or not the Channell case leads to criminal indictments of top officials, the line of investigation could cause considerable discomfort in the White House. And the inquiry into the private network of pro-contra donors is only one of many different paths that Walsh is pursuing in the labyrinth of dubious deeds involving Iranian arms deals and secret aid to the Nicaraguan rebels.

—By Jacob V. Lamar Jr.

Reported by Anne Constable and Alessandra Stanley/Washington



Channell and Miller, top; Prosecutor Walsh
Donations bought contra arms.

What to Listen For

Over the next three or so months, the congressional committee investigating the Iran-*contra* affair will hear from 35 to 50 witnesses as it struggles to unravel the worst foreign policy scandal of the decade.

Major congressional hearings are never predictable; during Watergate a minor witness revealed the White House taping system. As the hearings open, these are the key witnesses:



Richard Secord

This retired Air Force major general, with close ties to the shadowy world of international arms sales, will break his long public silence when he appears, without immunity, leading off the Iran-*contra* hearings. Secord was the man Lieut. Colonel Oliver North turned to when the National Security Council aide needed help in secretly supplying weapons to the *contras*. The committee has granted limited immunity to some of Secord's associates, but the general's decision to testify voluntarily is based on his conviction that he did nothing illegal. Not only is Secord likely to reveal the history of private military support for the *contras*, but he will probably also recount his role as a middleman for North in the Iranian arms deals.



Robert McFarlane

Against the backdrop of his suicide attempt in February, the former National Security Adviser will initially outline efforts to skirt the congressional ban on military aid to the *contras*. Later in the hearings, he will return to discuss the Iranian arms deal. McFarlane may reveal new details about the Israeli role, and will probably amplify his earlier testimony that he told Reagan about the arms sales in August 1985. The President insists he does not recall the briefing.

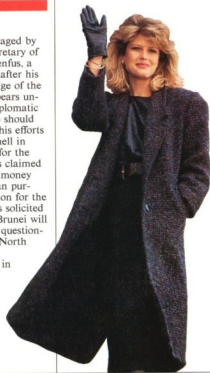
Elliott Abrams

Few officials have had their credibility more damaged by the *contra*-aid scandal than the acerbic Assistant Secretary of State for Inter-American Affairs. When Eugene Hasenfus, a mercenary supplying the *contras*, was taken prisoner after his plane crashed in Nicaragua, Abrams denied knowledge of the flight or the private network that funded it. That appears untrue. Instead, Abrams seems to have been North's diplomatic partner in fueling the *contra* pipeline. The committee should

grill Abrams about his efforts to assist Carl Channell in fund-raising efforts for the *contras*; Abrams has claimed that he thought the money was for humanitarian purposes. The \$10 million for the *contras* that Abrams solicited from the Sultan of Brunei will also prompt serious questioning. Abrams asked North for the number of a Swiss bank account in which the Sultan could deposit the money. But the meticulous Abrams apparently got the account number wrong, and the money has disappeared.

Fawn Hall

Oliver North's loyal secretary at the NSC, this former part-time model may prove to be the most telegenic witness on the committee's schedule. She became an instant celebrity last February when she told the independent counsel that she had helped North shred, alter and remove crucial documents as the secret Iran-*contra* operation was about to be made public. This story, the presumable crux of Hall's testimony, can only point up the laxity of Edwin Meese's initial investigation. Hall, who will be testifying under a grant of immunity, is certain to recount how she re-typed four key memos at North's request, possibly to obscure the role of his superiors. She will probably claim ignorance about the substance of the Iran-*contra* documents. Hall, who lives with her parents, was for a time romantically involved with Arturo Cruz Jr., the son of a former *contra* leader.



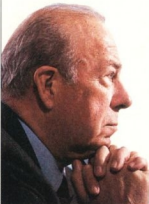
George Shultz

The Secretary of State opposed selling arms to Iran, but the Tower commission faulted him for not aggressively pressing his dissent with the President. Shultz is likely to be asked primarily to relate the lessons of the scandal to the management of Reagan's foreign policy. Shultz does have firsthand knowledge about one aspect of the scandal: he authorized Abrams to ask the Sultan of Brunei to contribute \$10 million to the *contras*.



Albert Hakim

The latticework of secret bank accounts to finance the *contras* was largely the handiwork of this Iranian-born arms merchant and Secord partner. Hakim, who has been granted immunity, has given committee investigators several thick notebooks filled with data on overseas bank accounts. He may well testify that the Nicaraguan rebels did get several million dollars from the Iranian arms sales, while millions more remain unspent.



Oliver North

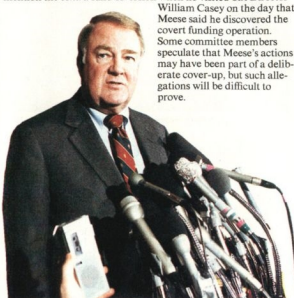
The President called him a "national hero," but this entrepreneurial Marine lieutenant colonel and former NSC staff member has come to symbolize the entire Iran-*contra* scandal. North's appearance under an anticipated grant of limited immunity is certain to be a dramatic high point of the hearings. The mystery surrounding North comes down to a central question: Who, if anyone, gave him the authority to conduct a covert foreign policy from the White House basement? It is conceivable that North could reveal that he was following orders from CIA Director Casey, or even the President himself.



Edwin Meese

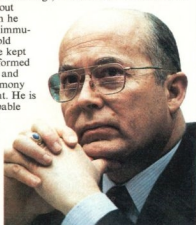
The Attorney General conducted the informal investigation last November that led to the discovery that funds from the Iranian arms sales were being diverted to the *contras*. Since then Meese has come under fire for the haphazard manner in which he undertook his inquiry. He did not read Miranda warnings to potential suspects and let crucial time elapse after interviewing North and John Poindexter before taking steps to secure their files. Another mystery is why the Attorney General failed to mention the *contra* fund diversion when he visited CIA Director

William Casey on the day that Meese said he discovered the covert funding operation. Some committee members speculate that Meese's actions may have been part of a deliberate cover-up, but such allegations will be difficult to prove.



John Poindexter

McFarlane's successor as National Security Adviser could be the most explosive witness to appear before the committee. Poindexter, a process-minded rear admiral now on leave from desk duty at the Pentagon, has the potential to link Reagan directly to the scandal. North reported to Poindexter when they were both at the NSC, and the National Security Adviser had ample opportunity to brief the President about all aspects of *contra* funding, including the use of money from the Iranian arms deal. Poindexter took the Fifth Amendment during earlier congressional hearings; White House aides are nervous and uncertain about what he may say when he testifies under limited immunity. Poindexter has told friends that he feels he kept Reagan adequately informed of what was going on, and will not tailor his testimony to protect the President. He is likely to be an unflappable witness. Although the Tower commission sternly rebuked Poindexter for failing to appreciate the gravity of the Iran-*contra* funding connection, he remains convinced that he acted properly.



Nation



All action, no talk: Secord leaves a Capitol Hill hearing last year after refusing to testify

"A Man of Many Talents"

Secord may illuminate several mysteries

When Oliver North wanted to get something done quickly, secretly and with a minimum of fuss, he called his friend Richard Secord. In November 1985 Secord came to the rescue of frazzled White House officials by deftly diverting a plane that was scheduled for a weapons shipment to the *contras* to help transport arms to Iran. As North later wrote admiringly to Admiral John Poindexter, "Why Dick can do something in five minutes that the CIA cannot do in two days is beyond me—but he does." Another time North wrote, "a man of many talents of Secord is."

Wherever the complicated trail of the Iran-*contra* affair leads, it seems at some point to intersect with retired Air Force Major General Richard V. Secord. The blunt, no-nonsense West Point graduate has remained aloof and silent since the scandal broke last November. But beginning Tuesday, when he appears as the joint congressional committee's opening witness, the mysterious Secord may become a household name and perhaps the first man to piece together the complex puzzle of Iranscam.

Secord had a bird's-eye view of the entire affair. As president of a company selling arms around the world, the retired two-star general provided aircraft and crews to ship weapons to Iran, accompanied former National Security Adviser Robert McFarlane on his secret mission to Tehran, purchased short-takeoff-and-landing aircraft for the *contras* and was in charge of coordinating munitions drops for the rebels.

All of this was nothing new for Secord. In his three decades of military service, he was involved in clandestine operations wherever things were hottest around the world. After seeing action as a fighter pilot

in Viet Nam, he was attached to a CIA force in Thailand to supervise flights for the agency's secret Laotian war. In 1975 he was stationed as a military attaché in Iran and helped guide the Shah in spending billions of dollars on a 500-plane air force. In Tehran, he met his future partner Albert Hakim, who was then engineering the sale of sophisticated electronic equipment to the Shah's secret police.

Secord returned to Washington in 1978 to head the Air Force's military assistance and sales program. There he formed a relationship with Edwin Wilson, the CIA operative turned arms merchant now serving 52 years in federal prison for illegally selling arms to Libya. Secord's career stalled in 1982, when he came under investigation by a federal grand jury for allegedly conspiring with Wilson and others to defraud the U.S. Government of \$8 million on an Egyptian arms-shipment contract. He was suspended from duty for a short time, although he was never indicted; he was reinstated with the approval of then Deputy Defense Secretary Frank Carlucci, now the National Security Adviser. He left the Air Force the following year to become president of Hakim's Stanford Technology Corp.

Friends say Secord has been itching to tell his story, but did not decide to do so until he was allowed by the congressional committee to inspect secret bank records, controlled by Hakim, which convinced him that he had no legal culpability. House Chairman Lee Hamilton is certain that Secord's testimony will go right to the heart of Iranscam. "Secord is a comprehensive witness," says Hamilton. "There aren't many of them in this drama. Most of the witnesses who will follow him will fill in the gaps."

—By Richard Stengel.
Reported by Jonathan Beaty/Los Angeles and Michael Duffy/Washington

The Contra Con

A "Saudi" smoothie stung North



For a supposed Saudi prince, Ibrahim Bin Abdul Aziz Saud Masoud certainly had a name to befit a royal title. But what impressed Lieut.

Colonel Oliver North even more was the prince's offer to donate a hefty sum of money to aid the Nicaraguan *contras*. North was so taken with the prince that he went to Ronald Reagan and National Security Council Adviser Robert McFarlane and told them of the expected donation. As matters turned out, there was no money and no prince: the would-be *contra* benefactor was Mousalreza Ibrahim Zadeh, an expatriate Iranian swindler who has pleaded guilty to bank fraud and faces five years in jail.

Before that setback, however, Zadeh was quite a convincing con man: he stung one of North's associates for \$250,000, and the colonel himself interceded with the FBI on his behalf in July 1985. The bizarre incident, which outgoing FBI Director William Webster disclosed to the Senate Intelligence Committee last week, offers yet another example of North's overreaching, amateurish operations. More significantly, it indicates that North told Reagan at least one of his efforts to raise money for the *contras*, despite the official ban on U.S. Government aid to the Nicaraguan rebels.

From the outset, North was not exactly cautious in his dealings with the purported Saudi prince. When he was first approached through an intermediary in 1984, he made only a cursory check of public sources about the Saudi royal family. Even though he could find no Prince Ibrahim, North did not pursue the matter. Rather than deal with the prince directly, however, he steered him to Richard Miller, a public relations agent and associate of Fund Raiser Carl ("Spitz") Channell. Last week Channell pleaded guilty to conspiring with North and Miller to raise money for the *contras* through a fraudulent tax-exempt foundation.

The phony prince enticed Miller with visions of Saudi oil millions that could be diverted to the Nicaraguan freedom fighters. Of course, Miller had to provide a few assurances of his good faith: the *Philadelphia Inquirer* has reported that over a period of several months, Miller fronted about \$250,000 of his own and a relative's money for the prince's exorbitant expenses. In return, the wide-eyed p.r. man was promised he would be made the "exclusive agent for Saudi oil in the U.S.," with commissions of 20% of sales flowing



Oliver North

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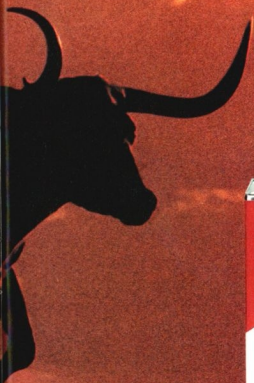


A dramatic silhouette of a cowboy riding a horse across a field at sunset. The cowboy is wearing a hat and holding a lasso. The sky is filled with orange and yellow clouds, and the sun is low on the horizon, creating a strong backlight effect. The horse and rider are dark against the bright sky.

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Nation

to him. One deal involving shipments of 500,000 bbl. a day, Miller was assured, could realize up to \$14 million, which would go to the *contras* through CIA operatives in El Salvador.

So credible was the prince that Miller even vouched for him after Zadeh had bounced a \$250,000 check at the William Penn Bank in Philadelphia. In documents released last week, Miller was said to have repeated the yarn that the prince was being victimized as a result of "religious differences" within the Saudi royal family, and even offered to cover the amount of the bad check. Bank officials, however, called in the FBI.

Investigators went to North about the matter in July 1985. The NSC aide asked

them to leave the situation alone for several days, the FBI later reported, "due to the critical timing of the prince's possible but remote large donation." The prince, North said, was in Europe "arranging transfer of funds to Nicaraguan freedom fighters." North told the agents that he had discussed the matter with Reagan and McFarlane a month earlier.

North's account to the FBI could have blown the lid off the NSC's *contra*-aid effort long before November 1986, when Attorney General Edwin Meese first disclosed it. But the FBI report never made it from the bureau's Washington field office to the FBI's nearby headquarters. The reason, said Webster last week, was "an unusual technological failure" while a new

communications system was being tested.

The FBI was guilty of another disturbing lapse last spring, after Zadeh's true identity had been exposed and he was under investigation for bank fraud. When Miller was subpoenaed to appear before a grand jury in Philadelphia in April 1986, North interfered in the case once again, asking the bureau to postpone Miller's appearance "to avoid possible adverse impact on negotiations connected with the hostages in Lebanon." Miller, as it turned out, never went before the grand jury. Zadeh was convicted of bank fraud, but the damage he did to the Reagan Administration is just now being felt.

—By John S. DeMott.
Reported by Elaine Shannon/Washington

Move Over, Sam Ervin

Young and restless politicians with one life to live, desperately searching for the guiding light to another world of national celebrity. A new soap opera? Not quite, but close. It is the televised Iran-*contra* hearings that will pre-empt the soaps this week.

Each of the 26 congressional inquisitors is well aware of the awesome power of television to make or break reputations. Back in the kinescope era, Freshman Senator Estes Kefauver starred in a dramatic series of organized-crime hearings; the next year he almost won the 1952 Democratic presidential nomination. The Senate Watergate hearings, of course, transformed Sam Ervin into a national icon and forever linked Howard Baker with the line "What did the President know, and when did he know it?" But the TV cameras can also be cruel: Watergate did little to enhance the political careers of the weaker performers.

What is a nervous Senator or Congressman to do? He has picked his best blue suit, his most serious red tie and perhaps has even gone under the sunlamp in quest of a TV tan. His frenzied staff has churned out briefing books and questions. But even with all these preparations, an ineffective inquisitor could send millions of viewers straight to the refrigerator. To prevent Americans from piggling out on between-meal snacks, herewith some TV tips to help committee members mind their P's and Q-ratings:

Listen before you leap. Senator Joseph Montoya provided comic relief during Watergate by dutifully reciting the questions his staff had prepared, even if other Senators had already asked them. Always remember to ear on the side of caution.

The eyes have it. Reading questions aloud is boring, even on C-SPAN. None of the courtroom wizards on *L.A. Law* use crib sheets. Explains Dorothy Sarnoff, a corporate-image adviser: "When you read, we don't see the eyes, so we don't know what you're feeling."

The camera has the votes. Don't stare at the witness, even if he is a constituent, he's not likely to be a happy one. Play to the TV audience instead. Democratic Media Consultant Frank Greer suggests that you periodically turn to glare at the cameras and say, "But Colonel North, the American people want answers."

Passion plays in the afternoon. Take your cue from the soaps. The rule here is no guts, no glory. "Our characters," says Al Rabin, supervising executive producer of *Days of Our Lives*, "have to have the ability to wear their feelings on their sleeve. Don't be shy, show what's in your gut."

Try some Bartlett's and James. If only PBS and C-SPAN deem your performance worthy of coverage, it is cooler not to whine about it. Instead, haul out the quote books and show off your erudition for this upscale audience. Here, for example, is a useful phrase from *The Spoils of Poynton*: "The fatal futility of Fact."

Do not money the waters. Granted, the first stage of the hearings will focus on the secret funding network for the *contras*. But face it, the only people excited by the details of Swiss bank accounts are the Gnomes of Zurich. So let the committee counsels do this work for you. Otherwise, warns Republican Media Consultant Roger Ailes, "you could end up looking like a chief financial officer discussing the cash-flow management for the coming marketing season."

Know thy image. With memories of Sam Ervin's country-lawyer routines still fresh, the entire committee could wind up sounding like *Hee Haw*. Do not try to be folksy if Grandpappy was a Main Line Philadelphia lawyer. A congressional committee should be as varied as a World War II platoon. There are still fine roles available for a moralistic New Englander, a tough ethnic and a Jimmy Stewart-type Midwesterner. Above all, remember there is no such thing as a small part if it helps you get re-elected. And that, along with the pursuit of truth and justice, is part of these hearings.

—By Walter Shapiro



Always play to the camera, not the witness



Folksy works, but don't sound like *Hee Haw*

Spy Woes

Retractions hurt the Navy's case

After weeks of sensational revelations about U.S. guards sneaking Soviet spies into the American embassy in Moscow, the Marine spy case appears to be stalled. As a postponement was announced last week in a pretrial hearing for Corporal Arnold Bracy, who had confessed to helping Sergeant Clayton Lonetree allow KGB agents into the embassy, defense lawyers were crowing that the Navy has no case against the two Marines.

Bracy has retracted the confession he made in March, maintaining that agents of the Naval Investigative Service coerced the statement from him during three days of grueling interrogation. Another retraction came from Corporal Robert Williams, who claimed to have heard a drunken Lonetree admit his espionage activities. Moreover, preliminary security sweeps in the Moscow embassy have turned up no bugs or other evidence indicating that Soviet agents ever got inside the secure area on the ninth floor. "The case against Lonetree has fallen apart," said his attorney, Michael Stuhff. "The whole house of cards is built on sand."

The Defense Department insists that the cases will hold up. "All the interviews have been conducted in full compliance with the subjects' rights," said Pentagon Spokesman Robert Sims last week. "I know of no reason to believe that any subject was coerced or badgered in any way." Military officials seem unfazed by the retractions. A judge will listen to tapes of the statements and rule on their validity. The account by Williams, says one source, is "extremely detailed... far more than imagination."

The Navy, however, has delayed bringing charges against two more Marines: Sergeant John Weirick, held on suspicion of espionage; and a former Moscow embassy guard who was returned to Quantico, Va., from his station in Brasilia. The fourth Marine and "several others" are still cooperating with probes. Nevertheless, one investigator concedes, "we're not finding quite the corroboration in Marine testimony that we expected."

Although the Navy may lack hard evidence against the Marines, one active participant says, "The U.S. is sure enough of the facts to be close to \$100 million on it." That is how much the Pentagon, State Department, CIA and National Security Agency will request from Congress to replace the compromised communications facilities and pursue other corrective measures. Meanwhile, the Senate Select Committee on Intelligence recommended by a 15-0 vote to tear down the bug-riddled chancery at the new U.S. embassy in Moscow. Said Committee Chairman David Boren: "Demolish that building while we still can." Building a new one would cost an estimated \$23 million more. ■

The Presidency/Hugh Sidey

Giving Normalcy a Good Name

There were four of them last week from Capitol Hill gathered with Ronald Reagan in the morning brightness of the Oval Office. They were, in the distinctive patois of one participant, "trying to figure out how to keep the Democrats from wrapping a tire iron around our necks" during the budget struggle.

The old grandfather clock by the door set an easy rhythm, and Reagan's husky voice carried the tune, but Wyoming's Senator Alan Simpson noticed something else. Again and again, as the visitors identified obstreperous members of Congress and likely collision points, there came a soft and knowing chuckle from Chief of Staff Howard Baker. "Let me talk to him," Baker would say, or, "We can't let that one come to a head." He spoke in most cases with genuine regard for the adversaries, and he spoke always with a great relish for the game of politics.

Simpson, the Senate's Republican whip, does not hesitate these days to identify the distinguishing feature of Baker's two-month stewardship in the boiler room of the White House: "innate civility and kindness." That's an oddity after decades of worshiping brilliance, cunning and toughness. We have had the regimes of the ascetic and cerebral Ted Sorensen (under J.F.K.), the martinet Bob Haldeman (Nixon), the good ole country boy Ham Jordan (Carter) and the Wall Street sharpie Don Regan, who preceded Baker.



The chief of staff: a master at the game of politics

Howard Baker is unique in nothing so much as his gentle normalcy. At 5 ft. 6 in. and weighing "too much" (exact poundage is now a state secret), he has run through every diet conceived by man, from cottage cheese to rice, and been defeated by them all. But he struggles on good-naturedly in the White House mess. He wears button-down shirts that rumple spectacularly, and he is still followed by the old gag that somebody must wrinkle his suits before he dresses for work.

The thought of getting up at 5 a.m., as some predecessors tried to do, appalls him; instead, he climbs into his White House limo at about 7:40 and is at his desk by 8. Well, maybe just a few minutes after 8. And the idea of staying around until midnight is equally disgusting. He departs by 6:30 if the world is calm, and he does his best to keep it that way.

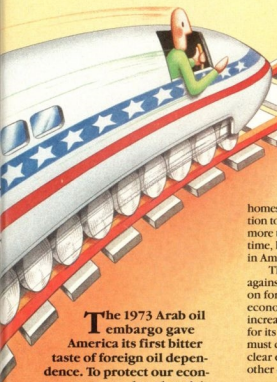
His encounters with the trappings of White House power have produced amused wonder. Spotting the multibuttoned flashing phone on his desk, he asked with his chuckle, "What is all this about?" There is no evidence he ever got an answer—or cared. Baker keeps his office door open and occasionally calls out to folks padding down the halls. His desk is reckoned to be more clean than not, though it sometimes is hard to decide.

When Baker mutters, "This dog won't hunt," the old hands around him know that is the end of an idea. His other favorite phrase, "If it ain't broke, don't fix it," is equally unspectacular but equally meaningful for the Baker crew. It means stop right there, we don't want any more needless work.

Visitors still sometimes treat Baker as if he held all the power in the White House, so almost every day he has to repeat, with a determined smile, "Ronald Reagan is President and I am not." When he travels with the President to the Hill or some equally fine-tuned political gathering, Baker makes a point when he can of standing across the room from Reagan. Yet he has been seen, under the wings of airplanes and in other impromptu settings, to tug at the President's elbow and extract him from a perilous encounter with reporters.

Baker has vowed to do something no other chief of staff in modern times has been able to pull off: once immersed in the powerful White House potion. "I made a deal with myself," he told friends. "I'm going to be the same going out there as I was coming in." If he manages that, he could give normalcy a good name.

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A social at a New York City club where lab results come before formal introductions

Paying for Peace of Mind

New dating services offer screening tests for AIDS

A lively crowd of 200 people flocked to the party at Houston's glitzy Ocean Club, but an uninvited guest also turned up: fear. The affair, sponsored by a new organization called Safe Adults, kicked off the city's first social club for people who are worried about contracting AIDS. To join, prospective members must agree to submit to an AIDS test every six months. Oil Production Analyst Mary Harter, 28, plans to sign up. At Safe Adults, she said, "you'll meet the kind of people who are at least aware of AIDS and willing to do something to protect themselves. Herpes you can treat, but AIDS will kill you, and no roll in the hay is worth that."

Across the U.S., social clubs are springing up to soothe singles who are jittery about AIDS. Although those most at risk for the disease remain homosexual men and intravenous drug users, a growing number of heterosexual singles are demanding a clean bill of health in place of spoken assurances that a new acquaintance is not carrying the virus. By requiring all members to take blood-screening tests, dating services are taking some of the risk out of meeting people, if some of the spontaneity.

Some of the AIDS-free organizations operate like clubs, sponsoring outings and encouraging dating among members. Others simply certify that members have tested negative for AIDS. In Santa Clara, Calif., the American Institute for Safe Sex Practices, for example, issues a photo ID card with renewable stickers stating that the bearer has passed an AIDS test.

At Judy Yorio's Compatibles, a New England dating service that claims

5,000 members in five states, clients have been asked to take an AIDS blood test at least twice a year. They may decline, but would-be partners who inquire will be told that the member refused to be tested. The response from clients, says Yorio, "has been very strong and very approving."

Peace of Mind, Inc., a club based in West Bloomfield, Mich., offers an elaborate menu of safe-sex services. Founded in February by six local businessmen, the club has signed up about 100 people so far for memberships ranging from the \$99 basic package, which includes a blood-screening test for AIDS every six months, to the deluxe membership (\$649), which includes tests every three months for AIDS, herpes and nine other sexually transmitted diseases. That is not all: Peace of Mind provides a telephone-counseling and referral service, a newsletter, a dental program and discounts at 43 local stores.

No matter how rigorous the testing requirements, no organization can be certain that its members are not infected with the AIDS virus. Reason: the body can take as long as four months to produce antibodies to the virus. Until that happens, an AIDS carrier will test negative and may gain a mistaken sense of security. Even a person who is AIDS free when the test is administered may shortly afterward become infected. To avoid lawsuits, most social clubs advertising protection from AIDS make a point of stating in their applications that they cannot guarantee that members are not infected.

—By Janice Castro, Reported by Lianne Hart/Houston and Dick Thompson/Washington



A card-carrying eligible male

Cat and Mouse

The subway gunman on trial

More than two years after Bernhard Goetz pulled out a revolver and shot four black teenagers who had demanded \$5 from him in a Manhattan subway car, his case went before a New York City jury last week. The panel of two blacks and ten whites, half of whom have been victims of crime, will try to settle a question millions have debated since the December 1984 episode: Was the subway vigilante justified in defending himself against what he saw as an imminent attack, or was he a trigger-happy racist poised to strike at the slightest provocation?

As his trial opened last week, Goetz, 39, an electronics technician, faced 13 criminal charges, including four for attempted murder. Defense Attorney Barry Slotnick insisted, however, that Goetz "was the real victim in this case." Slotnick announced that he planned to defend his client by "prosecuting" the four "vicious predators" who surrounded Goetz on the subway car. Despite an admonition from Judge Stephen Crane, Slotnick referred to Goetz's victims as "drug addicts" and attempted to bring up their criminal records. (Two of the four are in jail on other charges, one for the rape of an adolescent girl, and a third is completing drug rehabilitation. The fourth shooting victim, Darrell Cabey, was left paralyzed from the waist down.)

In the face of Slotnick's guerrilla tactics, Assistant District Attorney Gregory Waples pressed on with the quiet demeanor of a man who believes that the facts and Goetz's own words will lead inescapably to a conviction. At midweek Waples played a two-hour tape recording made by the detectives who questioned Goetz when he surrendered to them in Concord, N.H. In it, Goetz said the four "wanted to play with me, like a cat plays with a mouse"—before he assumed a shooter's stance and methodically emptied his pistol at his tormentors. "I know this sounds horrible," he said, "but my intention was to murder them . . . to make them suffer as much as possible."

After his first four shots, the prosecution says, Goetz approached Cabey, who was slumped in the subway seat opposite him. "You don't look too bad," Goetz said. "Here's another." He fired his fifth shot, severing Cabey's spine. Even if Goetz's first rounds were fired in self-defense, Waples maintains, his final shot went well beyond the need to protect himself. In his taped confession, Goetz said, "If I was thinking a little bit more clearly, I would have put the bullet against his head and fired."



Goetz

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Re-examining America's Underclass

In a new book, William Wilson spurns "race-specific policies"

Since the mid-1960s, the U.S. has enacted the most sweeping civil rights laws in its history, fought a costly war on poverty and aggressively pursued affirmative action to increase opportunities for blacks. Millions of them, as a result, have escaped the ghetto to join the mainstream middle class. But to the consternation of scholars, officials and blacks themselves, a seemingly ineradicable black underclass has multiplied in inner-city neighborhoods plagued by a self-perpetuating pathology of joblessness, welfare dependency, crime and teenage illegitimacy.

Now a distinguished black sociologist has produced a provocative analysis of the black underclass and a radical proposal for easing its plight. In *The Truly Disadvantaged: The Inner-City, the Underclass and Public Policy* (University of Chicago Press; \$27.50), William Julius Wilson challenges conservative social theorists who blame the excesses of the welfare state for the swelling of the underclass; civil rights leaders who attribute its existence to racism; and liberal social scientists who hypothesize an entrenched "culture of poverty" in the ghetto. Wilson may be guilty of understatement when he predicts that his new study, due out this fall, "will be controversial."

It would not be the first time that Wilson, who is chairman of the sociology department at the University of Chicago, had set the fur flying. Almost a decade ago his first study of the underclass, *The Declining Significance of Race*, outraged militant black scholars by claiming that the victories won by the civil rights movement had made racial discrimination less important than economic class in determining the "life chances" of individual blacks. The Association of Black Sociologists condemned the book for omitting "significant data regarding the continuing discrimination against blacks at all class levels" and warned that it might be used "as a basis for the further suppression of blacks."

In his new book, Wilson challenges liberal orthodoxies by candidly exploring the social pathologies—drug use, crime, teen pregnancies, welfare dependency and other destructive behavior—evident in the inner cities. Discussion of these catastrophic ghetto problems by liberals has been stifled, he says, ever since black scholars raised a storm over the 1965 report by Daniel Patrick Moynihan on the breakdown of the black family. In the absence of forthright research from liberals and blacks, writes

Wilson, right-wing scholars like Charles Murray (*Losing Ground*) gained influence with the Reagan Administration by asserting that welfare programs had become so lucrative that they provided greater economic incentive for poor families to go on the dole than to get a job.

The primary reason for the worsening plight of the black underclass, Wilson argues, is not present-day discrimination or a lazy dependency on welfare or the entrenchment of destructive values into the

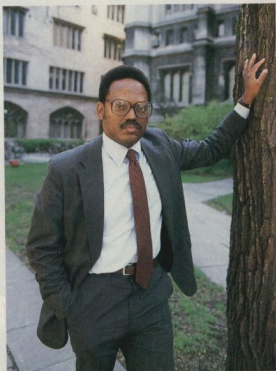
The other major factor Wilson cites is the widening class division between blacks who have escaped the ghetto and those who have not. In what may be the book's most contentious section, he argues that the easing of discrimination against middle-class blacks has contributed indirectly to the desperate plight of the underclass. Once, he says, segregation forced middle-class, working-class and poor blacks to live together in "vertically integrated" communities with thriving churches, small businesses and schools. But desegregation laws allowed blacks with stable jobs to flee the ghettos in great numbers, knocking the props from local institutions. Those left behind formed an increasingly homogeneous underclass whose members suffered from the "concentration effects" of isolation from mainstream education, job and social networks.

This thesis is already under attack by some black social scientists. Says Harriette Pipes McAdoo, professor of social work at Howard University: "It blames ghetto people who got out rather than external forces. It sounds good, but there is no empirical data to support it. It's rather ridiculous."

Wilson is skeptical of "race-specific policies" designed to help blacks, like affirmative action, which he says does little to assist unskilled ghetto youths while benefiting middle-class blacks who are better prepared to take advantage of education and job opportunities. Because of the low number of available jobs in inner cities, the author is wary of widely heralded welfare reforms designed to wean recipients from the dole by requiring them to accept training and jobs. Says Wilson: "If you do create some jobs for those on welfare, you're just going to take them away from the working poor. You have a kind of underclass musical chairs here. You give jobs to one and the other slides down into the underclass."

Instead, he advocates "programs to which the more advantaged groups of all races can positively relate." Most important is to stimulate the national economy so there is greater demand for new workers. He would replace "means-tested" programs—like welfare—aimed at the black poor with programs for job training, child care and education that are "available to all members of society who choose to use them." By making these available to all citizens, he contends, enough political support will be generated to sustain the effort. In Wilson's view, special treatment cannot help the underclass. In the long run, only by extending more opportunity to all Americans, regardless of class, will its problems be solved.

—By Jack E. White/Chicago



Wilson: challenging liberal and conservative orthodoxies
He predicts the book "will be controversial."

ghetto culture. Rather, he places most of the blame on two factors that have little to do with racism. The first involves a change in the structure of the national economy: the decline in the number of well-paid industrial jobs available to low-skilled workers and the increase in the number of service jobs that either require white-collar skill or provide little chance for advancement. This had a disastrous impact on young black males, whose unemployment rate is more than double that of their white counterparts, and it leads to other social problems. Because there are only 60 or so stably employed marriageable men for every 100 women in numerous ghettos, black females often elect not to marry if they become pregnant.

Q.

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TIME

COLLEGE ACHIEVEMENT AWARDS

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American Notes



1 rm., no vu: MacDonald and a tenant



Muriel Clark acted timid to trap outlaw nursing-home officials



The Laxalts get into the race

CALIFORNIA

A Pariah On Parole

The crime was so stunningly brutal that the years have done little to calm public outrage. Lawrence Singleton, 59, was convicted in 1979 of kidnapping and raping a 15-year-old hitchhiker, then chopping off her forearms with an ax. He left her to die in a culvert beside a rural Northern California road. But the girl survived the attack, managed to seek out assistance and later helped convict her tormentor. When Singleton was paroled two weeks ago, after serving nearly eight years of a 14-year, four-month sentence, local officials across the state took court action to ensure that he would not settle in their communities.

After corrections officials assigned Singleton to parole in Antioch (pop. 48,000), some 40 miles northeast of San Francisco, nearly 10,000 town residents signed a petition opposing his presence. Fearing vigilante violence, county officials got a temporary court order to block the plan. San Francisco County quickly followed suit, citing similar public safety concerns. Nearby San Mateo County also raised objections to having Singleton living within its borders. At week's end Singleton's ex-wife Mary Collins stated that she was not afraid of him and offered

to take him into her home in Lake County, north of San Francisco. But noting the potential for vigilante revenge, Collins said that if Singleton moves in, the two of them would have to find a new place to live.

SAN FRANCISCO

No Place Like Home

The mattress is made of foam, storage is cramped, and the front door is a hinged panel. But there is no charge for rent or utilities, and if the location is less than ideal—beneath an overpass at the edge of a San Francisco parking lot—at least the two snug, waterproof plywood structures are nestled among fragrant eucalyptus trees. Just 8 ft. long and 4 ft. wide, these so-called City Sleepers were designed by Architect Donald MacDonald to shelter the homeless men he spotted sleeping on the ground outside his new office. Said MacDonald: "I'm just trying to take some of the sting out of their lives."

The architect hopes to persuade city officials to provide more of the innovative shelters for some of San Francisco's estimated 5,000 to 10,000 homeless people. MacDonald claims the units would cost only about \$800 apiece to build, and he has already identified spots for up to 500 of them on public land

within a five-block radius of his office. City hall is dubious, naturally—the Sleepers have no plumbing, and they are possible fire hazards—but so far the two shelters are a hit. They have been occupied every night since MacDonald built them last month.

INVESTIGATIONS

"Granny" Goes Underground

To the managers of two New York City nursing homes, Muriel Clark was a timid elderly woman whose son was determined to get her admitted, even if he had to fork over tens of thousands of dollars in "contributions" to do so. Little did they suspect that Clark, 81, was a volunteer state investigator. Clark's successful deception led to the arrests of three nursing-home officials for illegally soliciting donations in exchange for preferential treatment.

A feisty retired social worker who has remained active in social causes, Clark stepped into the spotlight last week. As State Deputy Attorney General Edward Kuri-ansky tells the tale, she agreed in 1984 to visit the homes, posing as a would-be patient and accompanied by a state investigator who played her son. Last week she said the job was not so tough. If so, sharpies beware: do not trust anyone over 80.

CAMPAIGNS

Joining The Crowd

One is the son of a Basque shepherd who settled in Nevada, the other the child of Greeks who immigrated to Massachusetts. Former Nevada Senator Paul Laxalt, 64, a Republican, and Massachusetts Governor Michael Dukakis, 53, a Democrat, both announced their intentions to run for President last week.

Laxalt launched his campaign exploratory committee with an announcement at the National Press Club in Washington. Quipped Laxalt, a close friend of Ronald Reagan's who served as his presidential campaign chairman three times: "In Western parlance, this hired hand is ready to take over as foreman." He already has the support of several Reagan loyalists, including Campaign Aide Lyn Nofziger and Pollster Richard Wirthlin.

Dukakis declared his candidacy in four states in one day, first at a renovated mill in New Hampshire. He then drove home to Boston to repeat the announcement on snow-covered Boston Common, before continuing to Atlanta and Des Moines. In Boston, pointing to Massachusetts' much touted economic revival, Dukakis took a jab at Candidate Gary Hart's "new ideas" campaign: "Ask more than whether we have new ideas. Ask whether we have already made new ideas work."

DIPLOMACY

Playing It Cool

Reagan and Nakasone try to defuse growing trade-war tensions

The two leaders are old friends who have fallen on the hardest times of their political lives. Japanese Prime Minister Yasuhiro Nakasone calls the American President "Ron," and Reagan calls the Japanese leader "Yasu." Thus Nakasone last week hoped to get a sympathetic welcome when he arrived in Washington for talks with Reagan aimed at defusing tense trade troubles between the two countries. Nakasone fully understood the importance of the trip, which he grandly described as the "most important journey ever made to Washington by a Japanese Prime Minister." As he jetted toward Washington, the Prime Minister read a book about Prince Fumimaro Kono, Japan's pre-World War II leader. At one point he put the book down and mused out loud that a Kono-Roosevelt summit might have prevented the Pacific war.

Nakasone has been hit by a series of domestic troubles. The runaway increase in the value of the yen, which has jumped more than 90% since October 1982, has hurt many Japanese companies and pushed unemployment toward 3%, a post-war high. In April the Reagan Administration slapped a 100% tariff on \$300 million worth of Japanese electronics goods in retaliation for alleged trade misdeeds, which seemed to belie any special relationship between the two leaders. Then two weeks ago the Japanese parliament forced Nakasone to withdraw a cherished plan to impose a sales tax. The controversial measure was part of a broad effort to stimulate the economy by reforming the tax system. The setback placed the Prime Minister in desperate need of a foreign policy triumph to help keep him in office until his term ends in October.

Reagan could easily understand Nakasone's political troubles because he has plenty of his own in the wake of the Iran-contra scandal. In addition, Reagan has to deal with a Congress that has become increasingly protectionist. As America's trade deficit has steadily grown, political leaders have become more and more vocal in their demands for a halt in Japanese imports. Tokyo last week released new figures showing that Japan's worldwide trade surplus ballooned to an astonishing \$101.4 billion in the twelve-month period



Getting tough: Gephardt brandishes his passed amendment
"The vote said clearly that we want a change."

that ended in March. Some \$52 billion of that bulge came from trade with the U.S.

The Administration has long been pulled in different directions over its trade policy toward Japan. While State Department and National Security Council officials stress Nakasone's role as a faithful ally, the Commerce Department and U.S. Trade Representative Clayton Yeutter want to persuade Japan to open its markets more to American goods. In recent weeks the Administration has been using a double-edged strategy of showing understanding for Japan but pressuring the Japanese to do better.

Reagan was pushing that two-track approach last week even before Nakasone arrived. Speaking to the U.S. Chamber of Commerce, the President attacked a restrictive trade proposal put forth by Representative Richard Gephardt, a 1988 White House hopeful. The Gephardt plan was an amendment to a House trade bill that would force countries that pile up huge trade surpluses with the U.S. through unfair trade practices to slash the imbalances by 10% a year or face a barrage of withering sanctions. Gephardt described it as a "particularly bad proposal." But in the same speech the President called on Japan to abide by the rules of fair trade. Declared Reagan: "The final answer to the trade problems between America and Japan is not more hemming and hawing, not more trade sanctions, not more voluntary-restraint agreements and certainly not more unfulfilled agreements. The answer is genuinely fair and open markets on both sides of the Pacific. And the sooner the better."

While Nakasone was flying to Washington, the House of Representatives passed the Gephardt amendment by a vote of 218 to 214. This signaled that the U.S. was getting tough with Japan. Said Gephardt: "The vote said very clearly and unequivocally that we want a change in trade policy."

When Reagan and Nakasone first met on the sun-drenched White House South Lawn, the President again used the double-edged sword. Turning to television cameras that were carrying the ceremonies live back to Japan, he spoke of the importance of U.S.-Japanese relations and told of the "great care" that has been taken over four decades "to mold and

create this gem of a relationship." Yet he called the gaping trade imbalance between the two countries "unsustainable" and warned that "tangible actions must be taken by us both."

Nakasone sought the same ceremonial high ground. Said he: "I am deeply concerned that serious frictions on trade and economic issues are on the rise between our two countries. We should not allow such a situation to undermine the friendship and mutual trust between us."

Following the arrival ceremonies, the two leaders got down to serious talks. As they posed in the Oval Office for photographers, Reagan explained the Gephardt vote, saying, "We're now very much heartened by the narrow margin of victory," because it meant he would be able to sustain a veto. Yet the House later passed the final trade bill containing the Gephardt amendment by a decisive 290 to 137, just one vote shy of the amount needed to override a veto.

When talk turned to Reagan's 100% tariff on certain Japanese goods, the President said he expected to lift the measures "as soon as possible." That could mean early June, when Japan joins the U.S. and major West European nations in Venice for an economic summit. Nakasone would like the sanctions lifted even sooner. Calling them a "very sore thorn sticking in our small finger," the Prime Minister sought their immediate removal. But Reagan did not give any specific date. The U.S. first wants to see clear signs that Japan is living up to a 1986 agreement to refrain from sell-



Together again: Ron greets Yasu in Washington on the sun-drenched White House lawn

ing semiconductors for less than it costs to produce them.

Nakasone attempted to disarm his critics by extending a few small olive branches. The Prime Minister said he had ordered the Finance Minister and the Bank of Japan to continue lowering interest rates to boost the Japanese economy and enable firms and consumers to buy more foreign products. The disclosure dovetailed neatly with congressional testimony last week by Federal Reserve Chairman Paul Volcker, who said the U.S. central bank was moving to push American interest rates higher. At week's end major U.S. banks raised their prime rate from 7¼% to 8%. Taken together, the U.S. and Japanese actions will make it more attractive for investors to hold dollars and less attractive to hold yen, which should strengthen the collapsing dollar against the surging yen.

The joint interest-rate moves reflected a quiet effort to coordinate U.S. and Japanese economic policies.

Though some Administration officials were initially surprised by Nakasone's announcement, the White House later acknowledged that Treasury Secretary James Baker had discussed a combined policy with the Japanese and that Volcker knew about it.

While Nakasone was open and relaxed when talking with Administration officials, he found little to smile about once he ventured to see congressional leaders. His stops included an hourlong session with Senate Majority Leader Robert Byrd and Republican Chief Robert Dole, in addition to a meeting with top House members. Byrd bluntly told him that the U.S. should keep its tariffs on Japanese electronic goods until Tokyo abandons all unfair trade practices. The Senate leader argued the same point in a letter to Reagan that warned against lifting sanctions until Tokyo demonstrates "sustained compliance" with trade agreements. Yet Nakasone's trip to Capitol Hill won him some respect. Said Senator Max Baucus, a Democrat from Montana and a trade hawk: "Now I understand why the Japanese do so well. They just hang in there. It was an impressive performance."

Skepticism dogged the Prime Minister throughout his three-day visit. In the past few years several Japanese leaders have traveled to Washington and promised to take action that would reduce the trade deficit. But the only result has been a larger and larger trade imbalance.

Nakasone and Reagan parted on an upbeat note during a final visit in the White House Rose Garden, and agreed that the trade deficit was "politically unsustainable." But both nations must now demonstrate far more than a will to discuss their problems during summit meetings. They must show that they can attack and solve the trade differences that are steadily turning the two close political and military friends into bitter economic rivals.

—By John Greenwald

Reported by Barry Hillenbrand with Nakasone and Barrett Seaman/ Washington

World

NICARAGUA

The Sad Saga of a Sandalista

An American death stirs sorrow, outrage and propaganda

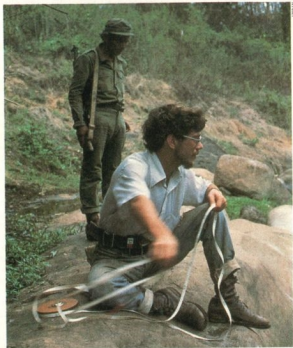
A harsh afternoon sun was setting as the cortege made its way up the steep incline. Some of the men, Nicaraguan President Daniel Ortega Saavedra among them, rotated as pallbearers. At the hilltop cemetery overlooking Matagalpa, a city 75 miles northeast of Managua, the crowd of more than 1,000 paid their final respects to Benjamin Linder, 27, an engineer from Oregon who died last week of shrapnel wounds suffered during a *contra* attack. He was the first American volunteer working on behalf of the Sandinistas to die in Nicaragua's five-year-old civil war. Linder's parents and two siblings had flown in from the U.S. honoring Linder's request to be buried in Nicaragua if he was killed. Shortly before his father David poured Oregon soil on the wooden casket, he said, "Benjamin felt he belonged here."

Linder was killed while working, without wages, on a rural-electrification project in Nicaragua's north-central Jinotega province. But those facts quickly drowned last week in a flood of self-serving political rhetoric from all sides. At the funeral, Ortega charged that Linder had been "assassinated by mercenaries following orders from the CIA." Several American groups opposed to U.S. funding of the *contras* similarly held the Reagan Administration responsible for "murder." Linder's father also fingered Washington, declaring, "Who killed Ben? He was killed by someone, they were hired by someone, and they were paid by someone, and so on down the line to the President of the U.S." The *contras* tried to pin blame on Managua by charging the Sandinista regime with having allowed Linder to enter a war zone.

The finger pointing was inflamed by the conflicting reports surrounding Linder's death. Eyewitness accounts reaching both Managua and the U.S. suggested that Linder and some government workers were measuring the water flow of a stream in a northern village when a band of *contras* struck. The *contras* claim that a fire fight ensued, a distinct possibility since the Sandinista leadership encourages Nicaraguans to carry weapons in war zones in self-defense. The rebels regard anyone armed or in uniform as a combatant, though the Sandinistas view many of the same people as civilians. It

remained unclear whether Linder, who sometimes carried a pistol for protection, was armed.

Most disturbing were suggestions that the *contras* had targeted Linder for execution. Although two Nicaraguan workers were also killed in the ambush, there were unconfirmed reports that Linder and his electrification program had been the focus of the attack. An American volunteer



Caught in the crunch: Linder working on a hydroelectric project

Volunteers are altruistic to some, "frogs of the rabid dogs" to others.

who was captured by rebels 18 months ago said after her escape that she had seen Linder's name on a *contra* hit list. Last month a Nicaraguan woman emerged from rebel captivity with a similar report. The *contras* denied the charge. Harry Bergold, the U.S. Ambassador to Nicaragua, dismissed the plot theory as "counterintuitive," arguing that the rebels knew they risked losing U.S. funding if they murdered an American.

Linder was well aware of the danger he faced. Eight European volunteer workers have been killed over the past five years. When eight West Germans were kidnapped by the *contras* a year ago, all volunteers were ordered out of war zones. The order was later modified to cover only Europeans, thus raising suspicions that the Sandinistas reacted to pressure from countries that supplied financial aid. Linder, would not have been likely to

heed such restrictions. The youngest child of parents active in left-wing causes, he graduated with an engineering degree from the University of Washington in 1983, then went to Nicaragua. After working briefly as a juggler for the Managua Circus, he volunteered to help the Nicaraguan Energy Institute. Later he began designing small hydroelectric plants for the northern departments. Because of his efforts, the hamlet of El Cuá now has electricity.

Linder was among the best of a group commonly known as *sandalistas*. The sardonic reference is to the beat-up sandals characteristically worn by volunteer workers, but the word embraces all Westerners who go to Nicaragua to demonstrate their support for the eight-year-old revolution. Although no official account is available, the number of Americans is estimated at around 1,500. They include both teenagers and octogenarians and bring to their jobs varying degrees of intelligence, commitment and maturity. Many come for only a few weeks and get a Sandinista-guided tour. Others stay long enough to complete educational, medical and agricultural projects, and to share the impoverished living conditions of the Nicaraguan peasants.

Depending on whose political lens is trained on the *sandalistas*, they are either altruistic and committed or arrogant and shallow pawns of the Managua government. The *contras* disparage them as "frogs of the rabid dogs," a contemptuous reference for any Nicaraguan or foreigner who collaborates with the Sandinistas. Government critics even claim that they have heard Sandinista leaders privately allude to the volunteers as "useful fools." Certainly

they provide sorely needed assistance for the revolution's beleaguered health, education and land-reform programs. Most volunteers, tend to screen out the flaws of the Sandinista revolution. They would be unlikely to report home, for instance, that last week a heavily armed security force raided the offices of *La Prensa*, the opposition newspaper that the Sandinistas closed last June.

Linder's death seems to be producing a new wave of volunteers. Last week several U.S. organizations were besieged by telephone calls. "The *contra* tactics are to demoralize Nicaraguans and scare Americans away," says Samuel Hope of the Washington-based Witness for Peace. "But the killing only inspires more of us to go." That is doubtless the kind of memorabilia that would have pleased Benjamin Linder.

—By Jill Smolowe. Reported by Laura López/Managua, with other bureaus

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B U I C K

Sue-icidal impulse

A woman attempts suicide by locking herself in the trunk of her car. Upon changing her mind and (luckily) being found, she sues the car maker.

When his electric power mower gets clogged with wet grass, a man turns it over and, without turning it off, reaches into the blade area and begins removing the clotted grass. He loses several fingers, sues the manufacturer...and wins.

A man stalls on an interstate highway. A woman stops to push him from the road, but she is rear-ended by a third and then a fourth car. She sues everybody. But only the original, stalled driver can pay. So the jury holds him liable. Judgment against him: \$885,000.

Today, the object is to collect—from someone. If the unlawful are bankrupt, the unethical have disappeared, or the careless are dead, there is usually someone else around with a "deep pocket" to pay.

This entitlement mentality has a terrible, corrosive effect on American society. We teach our children to be responsible for their own actions. Then we turn around and show them a system which rewards irresponsibility. The system seems to be saying, "No matter what happens, somebody must pay—preferably somebody rich!"

It's time to restore the principles of self-reliance and personal responsibility to our civil justice system, and there are some practical reforms that will do this. A majority of Americans agree that we should restore fairness to our product liability laws so that manufacturers who comply with standards of good practice and warn of all known hazards aren't

held liable for misuse or abuse of their products.

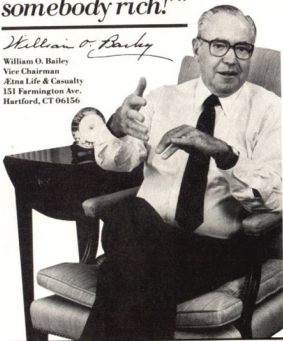
And nearly three-quarters of Americans believe we should limit liability to a defendant's own share of the damages suffered by an injured person. Clearly, it is time for change. I hope you will join me in working for meaningful reform of our civil justice system.

I welcome your thoughts and ideas on how we can work together to restore fairness and balance to this system. And I would be pleased to send you information on some of the efforts that already are under way.

"The system seems to be saying, 'No matter what happens, somebody must pay—preferably somebody rich!'"

William O. Bailey

William O. Bailey
Vice Chairman
Aetna Life & Casualty
151 Farmington Ave.
Hartford, CT 06156



World

WESTERN EUROPE

Nervous About Nuclear Security

The allies pose tough questions as an arms-control deal nears

Puzzled Americans watched with concern four years ago as hundreds of thousands of West Europeans protested the deployment of the U.S. intermediate-range missiles that the allied governments had requested. Now, with the U.S. and the Soviet Union inching closer to an arms deal that would remove both American and Soviet missiles from Europe, some allies are upset by the development. Last week Kenneth Adelman, the U.S. Arms Control and Disarmament Agency director, summed up American exasperation with Europe's apparent inconsistency. Said Adelman in an interview with the West German weekly *Stern*: "We have a perception that they complain when we deploy missiles, and complain when we talk about pulling them out."

Back in 1979 NATO warned Moscow to scrap its new SS-20 missiles aimed at Western Europe or it would match those intermediate-range nuclear forces with U.S. weapons. The Soviets refused to budge, and NATO, in the face of widespread protests, began deploying cruise and Pershing II missiles.

NATO commanders claimed that their new weapons strengthened the alliance's strategic doctrine of "flexible response," which calls for the use of INF and battlefield nuclear arms if NATO armies are threatened with defeat by superior East bloc conventional forces. Allied governments welcomed the U.S. missiles as clear symbols of America's continued commitment to Europe's defense. Nevertheless, NATO stuck to its original offer: if the Soviet SS-20s targeted on Europe were ever removed, the new NATO missiles would go.

Now the sincerity of that proposal is on trial. Last week the Soviets submitted a draft treaty at arms talks in Geneva that calls for the elimination of both American and Soviet medium-range Euromissiles in the 600-to-3,000-mile range. In addition, Moscow offered to destroy all its shorter-range Euromissiles in the 300-to-600-mile range. The Europeans thus find themselves being asked to accept a deal that gives them more than they bargained for. "We said we wanted cuts," mused a top NATO official. "Now we've been invited to put our missiles where our mouths are."

Senior alliance defense experts met last week at NATO headquarters in Brussels to coordinate the West's response to the latest Soviet offer. At the same time in Luxembourg foreign and defense ministers of the seven-nation Western Europe-

an Union (WEU), a defense forum made up of Britain, France, West Germany, Italy, Belgium, the Netherlands and Luxembourg, huddled to review the security implications of the Soviet offer.

Attractive as the proposed cuts are to the general public, many European politicians fear that removal of all American INF missiles would leave dangerous holes in the U.S. nuclear umbrella. For their



part, NATO commanders warn that an INF deal would leave them overly reliant on tactical missiles and battlefield nuclear weapons to deter superior East bloc forces. If NATO were attacked, the limited range of these weapons would prevent deep strikes into Soviet territory and would probably make West Germany the nuclear battleground.

The Europeans must now decide whether to please the superpowers and their own public opinion and accept the Soviet proposal or to press for a less sweeping deal that would leave some U.S. missiles in Europe. Britain and France, the only European countries that have independent nuclear weapons, favor the medium-range agreement but want to retain a U.S. presence in the form of shorter-range missiles. West German Defense Minister Manfred Wörner also takes that position.

But such a proposal is politically complicated because NATO currently has only a handful of shorter-range missiles. Any attempt to deploy more weapons would doubtless cause a rerun of the 1983 anti-missile protests. The Soviets might walk out of the arms talks, blaming their failure on NATO's decision to install more shorter-range weapons.

In Luxembourg the Europeans failed to arrive at a common position, largely because the West German government is still divided on the issue of new deployments. In addition, the WEU countries are refusing to be rushed into a quick decision. "We are not going to be bounced by the Russians," said British Representative Lynda Chalker. Conceded Hans-Dietrich Genscher, the West German Foreign Minister, who is a zero-option supporter: "We must not act under pressure."

Many West Europeans feel that the Reagan Administration is in a hurry to cut an arms deal to help restore presidential prestige in the wake of the Iran-contras scandal. Europeans have noted that some respected American arms experts, including Richard Nixon, Henry Kissinger and even Administration Arms Adviser Edward Rowley, have recently criticized the Reagan Administration's position. Still, European defense experts believe the allies will eventually agree to some treaty. Says a NATO diplomat: "The writing is on the wall. What Europe must do now is press for the best possible conditions." Europeans would like to link cuts in nuclear weapons to reductions in Soviet chemical and conventional forces, even if that means complicating a deal on INF.

Last year's Soviet-American summit in Iceland, during which Reagan and Gorbachev came close to a bilateral agreement on the future of nuclear weapons in Europe, and the current progress

on an INF agreement have created a new European concern about looking out for No. 1 in defense matters. "What we have learned in the past year," says a British analyst, "is that European and U.S. security interests need not always coincide. From now on Western Europe will have to think hard and do more for its own defenses."

At the WEU meeting the Europeans emphasized the "importance of further strengthening the European component of the North Atlantic Alliance." They stopped short, however, of declaring independence from the U.S. Said the final communiqué: "The presence of U.S. nuclear forces and the presence of U.S. troops in Europe remain indispensable for the security of the whole alliance."

—By Christopher Redman/

Luxembourg



Rising voices of protest: student demonstration at the University of Cape Town

SOUTH AFRICA

Bashing Heads Before Balloting

The government cracks down hard on the eve of elections

"Go to blazes!" That was South African Defense Minister Magnus Malan's response last week to those who criticized his army's latest commando raid into black-ruled Zambia. The soldiers had allegedly attacked installations of the outlawed African National Congress, South Africa's largest black political movement. But Malan's angry words, uttered only days before South Africa's white voters were set to go to the polls this week, epitomized the attitude of State President P.W. Botha's government toward all opposition, both domestic and international.

The raid into Zambia, where South African soldiers killed five people in the town of Livingstone, near Victoria Falls, undoubtedly strengthened the Botha government's standing among its right-wing supporters. So did a crackdown on demonstrations by students in Cape Town and Johannesburg. At the University of Cape Town, where some 300 white, black and mixed-race students gathered to protest the commando raid, police used tear gas, leather whips and bird shot to break up the meeting. On May Day, fearing another wave of unrest, the government banned rallies called by 20 black unions.

In Soweto, the huge black township outside Johannesburg, at least five firebomb attacks took place last week against commuter trains, and an explosion ripped apart the rail line at Soweto's Nancefield Station, preventing thousands of black officeworkers from reaching their jobs in Johannesburg. The violence grew out of a six-week-long strike by 16,000 black transport workers.

The Congress of South African Trade Unions, the black labor organization whose offices had previously been raided by police, last week won a court

order against such harassment. But the next day police found the bodies of four black railway workers, who had been stabbed and burned, in the Johannesburg rail yards. A fifth body was discovered in Tembisa township, to the east of the city. White officials charged that the five had been killed by blacks for refusing to join the strike. Police once again raided the COSATU offices, this time armed with search warrants, and arrested twelve people.

The Botha government was also having troubles last week with the country's independent judiciary. Court rulings in Natal struck down two emergency regulations, one that prohibited campaigning for the release of detainees and another that restricted press reporting and public comment on unrest. The government is certain to appeal the rulings.

But despite the violence and legal challenges to Botha's policies, the results of this week's parliamentary elections were not in serious doubt. The National Party, which has ruled the country since 1948, was expected to win again, and perhaps even register a slight increase in its 116-seat majority in the 166-member House of Assembly. The opposition Progressive Federal Party, in league with the small New Republic Party, could not hope to add more than a handful of seats to its present 30. P.F.P. Leader Colin Eglin said he saw "the emergence among upwardly mobile city Afrikaners of a new spirit demanding new deals and moving away from the old shibboleths of Nationalist apartheid." That may be true, but such a spirit does not necessarily translate itself into immediate parliamentary victories.

—By William E. Smith.

Reported by Peter Hawthorne/Johannesburg

AUSTRIA

Removing the Welcome Mat

The U.S. bars Waldheim

In the eleven months since he was elected Austria's President, Kurt Waldheim has become known as the "prisoner of the Vienna Hofburg." Not that the former United Nations Secretary-General has been literally confined to the sumptuous gold-and-white quarters that serve as his office. But in the wake of revelations that for decades he concealed much of his record as an officer in the German army during World War II, Waldheim has not formally received even one foreign head of state or paid a single official visit abroad, duties that are the stock-in-trade of his largely ceremonial office. Last week, in the most damaging blow yet, the Reagan Administration barred Waldheim from traveling to the U.S.

While there is no definitive proof that the Austrian President committed war crimes, a Justice Department spokesman said the "evidence collected establishes a prima facie case that Kurt Waldheim assisted or otherwise participated in the persecution of persons because of race, religion, national origin or political opinion." For years Waldheim had left the impression that he had been wounded on the Soviet front in 1941 and spent most of the remaining war years finishing his studies. He later admitted he was a first lieutenant on the staff of German Group E in the Balkans from 1942 to 1945. But he repeatedly denied he was aware of atrocities committed during the brutal German roundup of partisans in the Kovara region of Yugoslavia in the summer of 1942. More than 60,000 people were sent to concentration camps during the campaign, and thousands died in the process. Investigators also believe that Waldheim participated in the deportation of Greek Jews to Nazi death camps in 1944 and helped turn over Allied prisoners to the German SS.



The President addressing countrymen on TV
Insisting that "I have a clear conscience."

Accusations about these dark chapters in Waldheim's past, based largely on material collected by the World Jewish Congress, began surfacing in 1985. During last year's presidential race in Austria, which Waldheim won with 54% of the vote, the U.S. came under intense pressure from Jewish groups to place Waldheim's name on its "watch list" of some 40,000 suspected war criminals, convicts, deportees and others who are unwelcome in the U.S. To avoid interfering with the Austrian elections, Washington chose to conduct its own meticulous investigation, including the examination by a Justice Department team of previously unavailable records in the Yugoslav war archives. The probe gave careful scrutiny to material submitted on half a dozen occasions by Waldheim in his defense. In the end, the effort served only to turn up more incriminating evidence. Says a Justice Department official: "The more we checked, the worse it got."

In spite of Administration efforts to limit the diplomatic fallout by insisting the U.S. action was "in no way a judgment against the Austrian people," the government of Chancellor Franz Vranitzky reacted with calculated displeasure. Austria pointedly recalled its Ambassador from Washington for consultations and rejected the U.S. charges as "unproven." Nor did officials in Vienna accept the U.S. view that the law excluding Waldheim permits waivers for those with diplomatic status. Said Foreign Minister Alois Mock: "You cannot differentiate between a private person and the President." But Vranitzky stopped short of canceling a scheduled visit to Washington later this month, explaining that he now needs to use his meeting with Reagan to press for the evidence on which the U.S. acted. Austrian political observers took that decision as a sign that Vranitzky, a Socialist, may want to distance himself from Waldheim, who was the presidential nominee of the opposition People's Party.

Waldheim denounced the U.S. decision as "dismaying and incomprehensible" and told Austrians in a nationwide TV address, "I have a clear conscience." Many Austrians rallied to his defense, feeling that he had not been allowed to defend himself in what amounted to an "inquisition," as one Vienna newspaper put it. Some publications called for Waldheim's resignation, less out of shame than as a way of ending the diplomatic isolation that threatens to accompany his presidency. Said the Socialist Party daily *Arbeiter-Zeitung*: "By resigning, Kurt Waldheim could take this weight off all of Austria." Waldheim is not expected to accede to such pressures. For one thing, he has recently picked up invitations to make three state visits—to Jordan, Egypt and Hungary—that will finally allow the prisoner of the Vienna Hofburg a temporary flight of freedom.

—By William R. Doerner.
Reported by David Aikman/Washington and John Kohan/Vienna

MIDDLE EAST

Destined for a Dogfight

Peres and Shamir head for a showdown over a peace conference

Israel's national unity government appeared to work smoothly enough in its first 31 months. But by last week its two leaders, Prime Minister Yitzhak Shamir and Foreign Minister Shimon Peres, seemed increasingly destined to tangle in a bitter clash of wills. The reason: Peres wants Israel to cooperate with Jordan, the U.S. and probably Egypt in the convening of an international peace conference on the Middle East, but Shamir is dead set against the idea. When Peres left on a trip to Western Europe to pursue the plan, Shamir declared testily, "I hope he fails." Last week the Prime Minister made a quick visit to Paris. His stated mission: "To undermine European support for an international conference."

represented in such a forum and under what conditions the Soviet Union would be invited.

If such a conference should take place, many believe it would quickly disintegrate into a dust storm of irreconcilable differences. No matter. It has already become a political issue that could break up Israel's national unity government. Peres is convinced that he has enough of a commitment from Hussein to justify requesting the Israeli Cabinet to endorse the idea of a conference. If it refuses, he seems determined to keep the peace initiative alive by bringing down the government and pushing for early elections. Peres told Israeli newspaper editors last week that he was "more than



Happier days: the Foreign Minister and Prime Minister after switching jobs last October

The Likud fears a deal has been made for territorial compromise in the West Bank and Gaza.

What was going on? A few weeks ago Peres reportedly held secret talks with Jordan's King Hussein. Peres apparently found a ready partner in Hussein, who has long advocated a peace conference at which he could deal directly with Israel without being branded a traitor to the Arab cause. His efforts to form a negotiating partnership with Palestine Liberation Organization Chairman Yasser Arafat failed a year ago.

Peres has evidently concluded that the time is right for a peace initiative. In the interests of Palestinian unity, the P.L.O. recently cut itself off from both Jordan and Egypt, and remains estranged from Syria. Hussein was known to be impatient over the prevailing stalemate. Furthermore, the U.S. has been conferring with Israel, Jordan and Egypt about the possibility of a redefined peace conference. Unresolved were the questions of how the Palestinians would be

optimistic" about the prospects for peace talks. Replied Shamir: "I believe it would be irresponsible with regard to the country's interests to thrust us into the whirlpool of elections... and, God forbid, send the country back into the period of inflation and instability."

Thus the lines are drawn for a fierce political battle. The Likud fears that Peres has already made a deal with Hussein, committing the Labor Party to a territorial compromise over the West Bank and the Gaza Strip as the price of Jordan's participation. Peres will travel to Washington next week to see Secretary of State George Shultz. The Reagan Administration has been lukewarm about an international conference, but American diplomats in the region have sought dutifully to mediate a workable plan. The last thing Washington wants is to be pitched into the midst of a political battle royal. —By William E. Smith.
Reported by Johanna McGeary/Jerusalem



Potions and amulets: Commander Blackie, a Tadtad leader, flanked by members of his self-defense unit



The order: "Go forth and multiply"



Taking over: a roadblock in Davao

THE PHILIPPINES

Rise of the Vigilantes

New anti-Communist groups present prickly political problems

They go by names like Soldiers of Christ, Nation Watchers and the People's Movement Against Communism. Some of their members are menacing-looking young men and women with headbands and bolo knives stuck in their belts or automatic weapons slung over their shoulders. The more bizarre groups are called Tadtad, or Chop, because they ritually slash their bodies during initiation. They believe in potions and amulets that they say make them invisible to their enemies.

The groups are collectively known as vigilantes, anti-Communist self-defense bands that have proved so strong a bulwark against subversion by the insurgent New People's Army that they have gained immense popular support. They present a unique and prickly political problem for the government of President Corazon Aquino. Now firmly established on the large southern island of Mindanao, they are beginning to spread to other parts of the country. Though separate from the renegade warlords and private armies that still plague areas of the Philippines, the vigilantes are part of a tradition that Aquino's government would like to stamp out. The new constitution calls for disbandment of all paramilitary groups not sanctioned by the government.

But the groups' popularity has resulted in official ambivalence. In mid-March, Aquino announced that all paramilitary groups would henceforth be banned.

Armed Forces Chief of Staff General Fidel Ramos strongly protested. "If there's any group that should be dissolved, it's the N.P.A.," he said. Aquino backtracked, saying there would be "no immediate dismantling" of the groups.

As on many issues, Aquino is caught between the right and left wings of her fractious government. Her liberal advisers charge that the vigilantes threaten to become the Philippine equivalents of Latin American death squads. Says Haydee Yurac, a former member of Aquino's Presidential Commission on Human Rights: "It's a dangerous phenomenon that can easily get out of hand." Conservatives, including many officials of the Roman Catholic Church, counter that the people have a right to self-protection. The vigilantes, says Jaime Cardinal Sin, the outspoken Archbishop of Manila, represent the "people reacting to the violence of the rebels." Says Army Commanding General Rodolfo A. Canieso: "It is the inherent right of a citizen to defend himself. Everything else is politics."

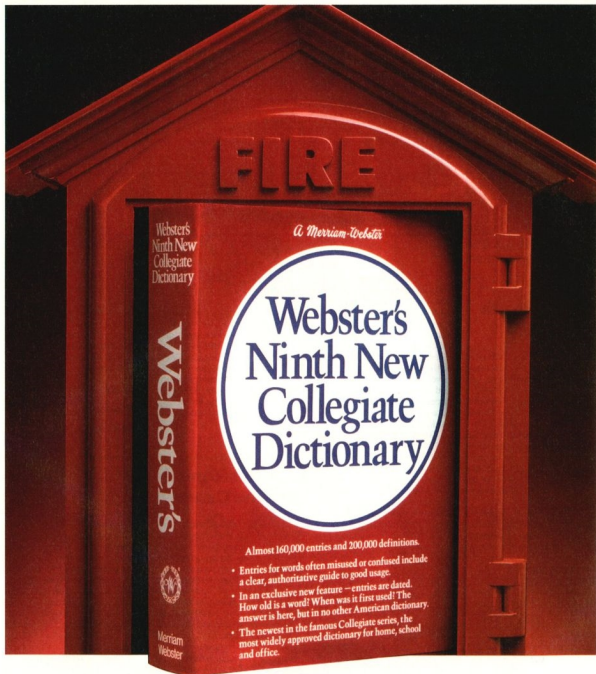
The vigilantes have proved an effective tool for counterinsurgency alongside the still ill-equipped and poorly paid Philippine armed forces. Nowhere is that clearer than in Davao City, the sprawling city-state in southeastern Mindanao. A year ago Davao City and its 1.4 million people were so firmly in the control of the insurgents that Manila officials called the

city a Communist "urban laboratory." But in the past eight months the N.P.A. has fled into the hills, and the city has been transformed into a government stronghold. The main agent of change: the vigilante group Alsa Masa, or Uprising of the Masses.

As late as last summer, when Lieut. Colonel Franco Calida took over as military commander and police superintendent in Davao City, Alsa Masa had only seven members. "I told this group to go forth and multiply," recalls the colorful Calida, whose office is a veritable arsenal of guns and grenades. "In a week there were 22, then 40, then 70, then 100..." Alsa Masa, now several thousand strong, imposed a system of checkpoints, armed patrols, covert neighborhood surveillance, "tax donations" and more than a little intimidation. N.P.A. members who have failed to present identification quickly at Alsa Masa checkpoints have been shot on the spot. Calida insists that Alsa Masa is law-abiding. He says he gives guns only to those who belong to the Civilian Home Defense Force.

President Aquino is believed to support a gradual phaseout of the vigilantes in favor of a citizens' army based on the Israeli model. Says she: "The challenge is to mobilize people in the defense of their communities but with all the safeguards that will prevent the abuse of this great power." The problem is that Alsa Masa and its counterparts have been effective in the battle against the Communists. Vigilante supporters say Aquino cannot afford to ignore their successes, whatever the long-term risks.

—By Michael S. Serrill
Reported by William Stewart/Manila



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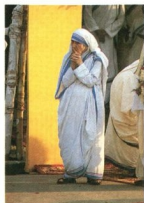
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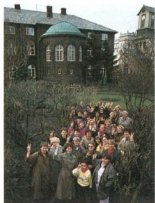
World Notes



Unlikely victim: bilked by mailmen



Hot off the presses: porn for sale above the counter in Paris



Feminists: clout at last

ITALY

Risking Death By Ridicule

The Cabinet of Prime Minister Amintore Fanfani was only ten days old when it fell last week. That made it one of the shortest lived of Italy's 46 post-war governments. The collapse left President Francesco Cossiga no choice but to dissolve Parliament, setting the stage for elections in June, a year ahead of schedule. Said the weekly *L'Espresso*: "We are on the eve of a real war of everybody against everybody."

Cossiga's move ended a rancorous eight-week search for a successor to the five-party coalition that Bettino Craxi headed for 3½ years. Craxi's government fell apart in March, after months of infighting between his Socialists and the Christian Democrats over which party should hold the premiership. The polemics and the politics surrounding the collapse were so bizarre, said a Milan daily, that "this republic risks dying of ridicule."

INDIA

Ripping Off Mother Teresa

Under ordinary circumstances, a missing check might attract little notice. But the aggrieved party was Mother Teresa, the gentle Nobel Peace laureate,

and the money involved was a donation to support her work with children in Calcutta's slums. Indian police soon homed in on the mail-sorting office at Calcutta Airport. There they found a ring systematically filing check-stuffed envelopes addressed to the nun, and sending them to accomplices in Hong Kong and Singapore to be cashed or stashed in bank accounts.

To date police have traced \$150,000 in stolen funds and arrested six people, but the investigation is far from complete. "It is a terrible thing," said Mother Teresa. "Many of the donors are small children who save money and send it to feed hungry children."

FRANCE

Bad News at The Sex Shop

More than 200 guests trooped up the flight of unmarked stairs in a bland Paris office building last week to view a show billed as an "Exhibition of Horrors." The photographs lining the stucco walls were a lurid selection from sex magazines available in France, ranging from the French edition of *Penthouse* to bondage magazines like *Crime and Punishment* to publications featuring lesbianism, bestiality and pedophilia.

The impresario? None other than Interior Minister Charles Pasqua, who staged

the display as part of a campaign against pornography. Dubbed "Pasqua's Sex Shop" by the press, the anti-porn program quickly backfired. An uncooperative President François Mitterrand declared that he opposed "all forms of censorship," and former Culture Minister Jack Lang pointedly sent along an erotic engraving by Picasso to be included in the show.

UNITED NATIONS

A Safer Zone For the Ozone

Fifteen years ago, scientists began noticing that the earth's protective ozone layer was being depleted by a group of chemicals known as chlorofluorocarbons. They warned that deterioration of the ozone, which blocks the sun's harmful ultraviolet rays, could lead to an increase in skin cancer and disastrous climatic changes, including an overall warming of the earth's atmosphere.

Despite strong anti-CFC laws in the U.S. and Canada, many countries continued to allow the compound to be used as a propellant in aerosol products and as a cooling agent in refrigerators, air conditioners and other appliances. Finally, last week representatives of 31 nations, including Britain, West Germany and the Soviet Union, agreed that by 1992 they would cut back on their production of chlorofluorocar-

bons by 20%. Mostafa Tolba, executive director of the U.N. Environment Program, felt the agreement did not go far enough. He warned, "If we mess up this planet, we can't go and look for another."

ICELAND

Power to The Women

Iceland's Althing, or parliament, is the oldest in the world, dating back to the year 930. Still, it is fairly bursting with modern ideas. Since 1983 the assembly has been home to the world's first feminist party to win parliamentary representation, the Women's Alliance. Last week the party came a step closer to wielding real power. On April 25, Icelandic voters ousted the center-right government of Prime Minister Steingrímur Hermannsson and in the process gave the Alliance 10% of the vote.

That increased the women's strength from three to six seats in the 63-seat parliament. The women now hold the balance of power, and will probably end up in a new center-right governing coalition. The Alliance touts a "policy of the practical housewife" in economic matters and is opposed in principle to military alliances. Its members, however, are split over whether Iceland should withdraw from NATO.



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Law

Sexual Abuse or Abuse of Justice?

Sometimes the accused child molester may be the victim

The world fell in for Lawrence Spiegel in December 1983. After a bitter divorce and custody fight, Spiegel was arrested on a complaint by his ex-wife and charged with the sexual abuse of his daughter Jessica, 2½. There followed a two-year ordeal during which Spiegel, a psychologist from Flanders, N.J., lost most of his practice, built up legal bills of \$70,000 and worst of all, he says, was denied contact with his little girl. "I wanted to kill myself," Spiegel recalls.

In 1986 he was acquitted of the abuse charges, and today he has joint legal custody of his daughter. He also has a new book, *A Question of Innocence* (Unicorn Publishing; \$16.95), in which he maintains that the increased determination by authorities to uncover child sex abuse has had a less wholesome consequence: a raft of false charges that devastate the lives of those accused. Spiegel is not the only one to complain. Three years ago, 24 adults in the small city of Jordan, Minn., were charged with sexually abusing children. But only one was convicted, while two were acquitted, and charges against 21 others were dropped. They are suing the county for, among other things, the damage caused when children were taken from their parents by authorities, some for a year or more.

This week jury selection continues in Los Angeles in the notorious McMartin Preschool case. In a trial expected to last more than a year, Peggy McMartin Buckley, 60, and her son Raymond, 28, face charges involving 99 counts of sexual molestation. But similar charges against the school's founder and four former teachers were dropped because of insufficient evidence. The five, who are pursuing a joint \$50 million defamation and negligence suit, claim their lives were ruined. "It cost us our home," says Betty Raidor, 67, who spent three months in jail until she could make the \$750,000 bail. "They pushed the panic button and went on a witch-hunt."

Just how common false charges have become is hotly disputed. The number of confirmed cases of sexual abuse has skyrocketed, from 6,000 in 1976 to 113,000 in 1985.



Spiegel and Daughter Jessica: "I wanted to kill myself"

A raft of false charges mar the efforts to protect children.

But a recent study of 439 child sex-abuse reports in Denver found that 8% were plainly fictitious and another 22% unsupported by evidence. However, Captain Sharon Moody, the respected child-crimes-unit commander in suburban Atlanta's Cobb County, speaks for many police and pro-child activists when she insists, "I don't think it has increased. Blaming false reporting gives us an ex-

cuse, so we as a society don't have to deal with the problem."

If phony charges are up, what would account for the rise? Douglas Besharov, a child-welfare expert at the conservative

American Enterprise Institute, concludes that three-fourths of false accusations come from adults, not children. Laws in every state require teachers, nurses and other professionals to report any suspicion of sexual abuse, with penalties for failing to do so. Also judges are increasingly less willing to assign children automatically to mothers. The result: some wives use false accusations as a weapon of last resort.

University of Michigan Psychologist and Lawyer Melvin Guyer reports that sex-abuse charges figure in about 30% of the state's contested custody cases, up from 5% in 1980. Such developments have helped fuel the nationwide growth of VOCAL, Victims of Child Abuse Laws, a lobbying and referral group that was started three years ago in Minneapolis because of the Jordan case. Some divorce lawyers routinely advise clients of the danger of such charges. "You're asking for trouble if you give your child a bath without someone else's being there," says Attorney Katharine Sweeney, who served as court-appointed guardian for Spiegel's daughter. "And you never, ever, sleep in the same bed."

In addition to angry spouses, critics blame inadequately trained investigators and overly determined psychologists who push the youngsters with repetitive and pointed questioning. "They stop only when they get the affirmative answer they want," says Daniel Schuman, director of psychiatry at the Norfolk County Probate

Court in Massachusetts. Minnesota has already begun a program to set limits on appropriate questioning of children. But even experts who agree there are grave risks in overreacting in the other direction. Real abuses are commonplace, as was dramatized last week by the revelation that President Reagan's son Michael was molested at the age of 7 by a day-camp director. Until a decade ago, child sex abuse was largely swept under the judicial rug. Says University of Miami Psychiatry Professor Laurie Braga: "It's taken so much to get people to the point where they would take a child's word."

—By Richard Lacyo.
Reported by Bill Gannon/New York and Elizabeth Taylor/Chicago

Keeping The Word

"Words are slippery," warned Historian Henry Adams. The word propaganda has slipped quite a bit. At one time it described any information, true or false, that was spread to promote a cause. But today nearly everyone understands it as referring to distortions of the truth. That did not sway the U.S. Supreme Court last week. It ruled 5 to 3 that the Justice Department could invoke a World War II-era law to label as "political propaganda" three Canadian documentaries on acid rain and nuclear war, including a 1983

Academy Award winner. Writing for the majority, Justice John Paul Stevens pointed out that the Foreign Agents Registration Act in 1942 defined propaganda in its broader sense, without designating it as true or false. Therefore, he said, the Government's use of the term to classify the films "has no pejorative connotation," and to require that they be registered under that law does not chill First Amendment freedoms. The dissenters complained that the majority reasoning smacked of newspeak. Wrote Justice Harry Blackmun: "It simply strains credulity for the court to assert that 'propaganda' is a neutral classification."

Trouble on the Horizon

Europe's Airbus threatens the dominance of U.S. jet builders

Amid all the hand wringing about the huge U.S. trade deficit, Americans have at least been able to point with pride to their jet builders. Boeing and McDonnell Douglas won more than 65% of world orders for commercial passenger planes last year. But that dominant position grows more precarious by the day. Europe's Airbus Industrie, which once seemed like a tiny speck on the horizon, is closing fast

with hot new planes and cut-rate prices. Subsidized by European governments and charged by its rivals with making underhanded deals to win sales, Airbus has brought fiercer competition to an industry that has never been tranquil. It has also sparked a serious trade dispute between the U.S. and its allies across the Atlantic. The stakes involved are enormous: an estimated 2,000 planes worth \$250 billion will be sold in the next 13 years.

Airbus has been soaring especially high as a result of its new A320. This technologically advanced short- to medium-range (up to 3,500 miles) jet, unveiled in February, will carry as many as 150 passengers. The world's airlines, including two American carriers, have made commitments to buy about 440 of the A320s, making it the fastest-selling new plane in aviation history. Moreover, Airbus is already taking orders for the A330 and the A340, two larger intercontinental planes that are only on the drawing board. To the astonishment of Boeing and McDonnell Douglas, Minneapolis-based Northwest Airlines placed a giant \$2.5 billion order for up to 30 of the A330 and A340 models. Says Wolfgang Demisch, who follows the industry for First Boston: "Airbus is now in the big leagues."

And rising swiftly in the standings. The European firm last year won nearly 25% of worldwide jet orders, up from 11% in 1985, according to the Montreal-based International Civil Aviation Organization. At the same time, Seattle's Boeing has watched its share of the business dip from 58% to 49%. St. Louis-based McDonnell Douglas, meanwhile, has slipped into third place with 17%, down from 19% the previous year, although some industry analysts believe McDonnell Douglas may regain its No. 2 position in 1988.

Airbus' current success is all the more surprising because it was slow to get off the ground. Created in 1970, the consortium is funded by publicly and privately owned aircraft builders in France, Britain, West Germany and Spain. But it did not sell a single jet to a U.S. airline for seven years. Says Robert Kugel, an aerospace analyst at the Morgan Stanley investment firm: "U.S. carriers wouldn't touch European airliners with a ten-foot pole. They had a reputation for poor quality and maintenance." That perception gradually changed. By 1987 some 360 of the medium-range A300 (up to 375 passengers) and the A310 (250 passengers) were flying under the banners of 58 airlines around the world, including such U.S. carriers as Eastern and Pan Am.

But the A320 outsold its predecessors even before it was ready for commercial takeoff. The first models, which are now being assembled at the Toulouse produc-



No model has sold faster than Airbus' A320

tion facilities of Aérospatiale, the French state-owned aircraft company, should be delivered by next spring. The A320's most impressive claim: the first fully computerized flight-control system. Among other things, the equipment prevents the plane from stalling or exceeding speed limits.

The A320 is drawing sales away from some of the bread-and-butter planes made by U.S. manufacturers—Boeing's 737 and McDonnell Douglas' MD-80. But the Americans are planning to fire back some shots of their own. McDonnell Douglas estimates that by 1991 its MD-91X, a new version of the MD-80, will be flying. It will be powered by an energy-efficient engine known as an unducted turbofan, which features twin sets of rotor blades located at the rear of the engine. Boeing, meanwhile, is developing a new medium-range aircraft, the 737, which will also have an unducted turbofan engine. Projected launch date for the 737: 1992.

Until now, Airbus has steered clear of the long-range (more than 5,000 miles) market. But that could change with the

by modifying its 767. The new 767-300 Extended Range will have a range of 6,600 miles, compared with 5,700 miles for its current counterpart.

Even as Boeing and McDonnell Douglas answer the Airbus challenge, they complain that the fight is unfair because of the subsidies their competitor reaps from European governments. Since its start, the consortium has received at least \$10 billion in public funds and never made any money. One reason: Airbus jets are allegedly sold for 15% to 25% less than their American-made counterparts. A Boeing 747 sells for \$120 million, for example, while Airbus is offering the rival A340 for about \$80 million.

In response, Airbus executives point out that U.S. aerospace firms have benefited from billions of dollars in Government defense contracts. That might be seen as a form of indirect subsidy, since the funds have enabled aircraft companies to develop new designs that can be used in commercial manufacturing. European supporters of Airbus suggest that, with

Confronted by such cutthroat competition, McDonnell Douglas has discussed making a truce with Airbus several times during the past few years. The American company suggested that the competitors form a joint venture to build long-range jets together and thus combine forces against Boeing. Says McDonnell Douglas' Worsham: "Instead of being lean dogs fighting for the same piece of meat, we could strengthen ourselves with cooperation." So far, though, Airbus has declined the offer.

The international aircraft rivalry has become a major source of contention between U.S. and European trade representatives. Washington is naturally alarmed that the American aerospace industry, which generated a surplus of \$12 billion in its overseas trade last year, could be damaged by unfair subsidies to a foreign competitor. The Administration is negotiating with the Europeans in an effort to persuade them to them to curb the Airbus subsidies. Said U.S. Trade Ambassador Michael Smith last week: "We want to defuse the tension."



Boeing technicians test equipment inside the 767-300 Extended Range

A new McDonnell Douglas engine features twin sets of rotor blades

"We used to sell 727s like you sell Mercedes. This one's nice and there's the price... take it or leave it. But times have changed."

arrival of the A340. Though the European backers have not given final approval to the proposed plane, which will be developed in tandem with the A330, a medium-range jet, Airbus is proceeding with development plans. Industry observers expect the company to get the go-ahead—and some \$3 billion worth of launch money—by this summer. Airbus has already lined up 124 orders for the A330 and A340 for delivery in 1992 or 1993. It hopes ultimately to snare 25% of the long-haul market.

This new generation of Airbus planes could threaten McDonnell Douglas' planned MD-11. An upgraded version of the DC-10 jumbo jet, the MD-11 should go into service in 1990, about two years ahead of the proposed Airbus jets. Boasts McDonnell Douglas Aircraft Division President Jim Worsham: "The MD-11 is a bird in hand. Airbus is a long way from that." Boeing plans to compete against the MD-11 and Airbus' A330 and A340

some 65% of the market, American companies have little cause for complaint.

U.S. manufacturers also accuse Airbus of unfair trade practices. Members of the consortium are said to arrange for foreign airlines to win landing rights at European airports in exchange for buying Airbus planes. Some industry insiders charge that, in trying to sell the A340, Airbus offered a potential customer a no-interest \$10 million loan. Airbus officials flatly deny these charges.

McDonnell Douglas has a particular grievance against Airbus: using "predatory" practices in trying to persuade customers who had already ordered the MD-11 to switch to the A340 instead. Scandinavian SAS airlines had signed a letter of intent to buy a dozen MD-11s and had put down a deposit on the order. Then Airbus jumped in with attractive concessions to SAS on a deal (the details are undisclosed) to buy A340s. The airline has delayed its final decision.

As diplomats negotiate, Boeing and McDonnell Douglas executives are peddling their planes more aggressively than in the past. Says Dean Thornton, president of Boeing's commercial-plane division: "We used to sell 727s like you sell Mercedes. This one's nice and there's the price on the window, take it or leave it. But times have changed." Now both American aircraftmakers offer better service, supply spare parts in advance and guarantee maintenance costs.

No one expects Airbus to surpass its U.S. rivals anytime in the foreseeable future. But if the European competitor keeps soaring, it is bound to clip more than a few American-made wings. For Boeing and McDonnell Douglas, prestige and big money are on the line, and the jet builders have no intention of giving up their dominance of the skies without a fight.

—By Barbara Rudolph

Reported by Robert Ball/Toulouse and Edwin M. Reingold/Los Angeles

Going from Gloom to Boom

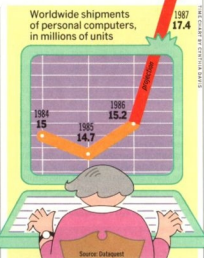
Robust sales give personal-computer makers new hope

"The slump is over," crows Tandy Chairman John Roach. Indeed, Roach and his computer-industry rivals have reason to feel a sudden rush of confidence. After being relatively cool to personal computers for three years, customers are snapping them up faster than a high-speed printer spews out sprocketed paper.

The big four in personal computing—IBM, Apple, Compaq and Tandy—logged first-quarter unit sales of PCs that were about 10% higher than last year's. Industry analysts expect the spurt to signal the start of a lasting recovery. The Dataquest market-research firm predicts that personal-computer unit sales will rise 14% for the year as revenues surge 19%.

The industry's fortunes first flagged in 1984, when many corporate customers who had bought PCs began to find they were too difficult to use and too limited in their applications to be practical. Millions of the machines had become little more than expensive paperweights. But over the past year advanced technology has begun to turn things around. Faster, easier-to-use models came to the market, and more are on the way. Just as important, innovative software for old and new machines has made personal computers more versatile. It is now possible to turn out printshop-quality graphics—and design everything from cabinets to cathedrals—on the space of a desktop.

New hardware components promise to expand horizons and boost sales even more. A silicon chip known as the Intel 80386 microprocessor already runs Compaq's IBM-compatible Deskpro 386, giving it the power of bigger minicomputers for the price of a PC. At Apple, design engineers use a Motorola chip comparable



to Intel's for their Macintosh machines, now the industry's hottest-selling family of personal computers.

IBM's sales will gain momentum when the world's No. 1 computer maker begins summer shipments of four new models using the Intel chip. Once the machines get their full complement of software sometime next year, they are likely to set new performance standards. But customers no longer hold their breath for the latest gear with IBM's distinctive blue markings. Even though buyers knew for much of 1986 that IBM was readying the new line, "they needed new machines and were not going to wait around forever," says Bill Lempesis, a Dataquest analyst. While some settled for deeply discounted older IBM models, oth-

ers turned to Tandy, Compaq and Apple.

In addition to offering fresh technology, PC manufacturers are getting savvy at marketing their wares. Apple Chairman John Sculley, former president of Pepsi-Cola, has visited many Big Business cronies to tout the Macintosh. The result: Apple's sales to the commercial market have nearly doubled since 1984, and the Mac is seen as a tool for executives instead of just a plaything for students and hobbyists. As Sculley told TIME: "We had to reposition the whole company."

Corporate customers have a new appreciation for the potential of the personal computer. Increasingly, they are stringing together networks of PCs and utilizing the equipment to the fullest. "Everybody has finally started figuring out how to use all these screens, keyboards and wires to their competitive advantage," says Analyst Jonathan Fram, of Bear Stearns.

The buying surge is lining the pockets of computer makers. Compaq, having rocketed last year to the rarefied ranks of the Fortune 500 in just its fourth year of operation, saw first-quarter profits jump 142%, to \$20 million. Apple is so awash in capital that it has declared its first cash dividend, a bonus for stockholders, whose shares marched from 30 a year ago to 80 by the end of last week. Tandy, the No. 2 maker of IBM-compatible machines behind Compaq, pushed its quarterly earnings up 20%. Even IBM, which has been hard hit by competition from these rivals and Asian manufacturers of so-called clones, racked up what the normally closemouthed company boasts is a record quarter in PC sales.

No one expects numbers like these to continue apace for the year. Gone are the go-go days of the early 1980s, when revenue growth topped 60% for three years in a row. But most analysts guess that the good news should last into 1988. After a slump, even a small step toward recovery is reason to rejoice.

—By Gordon Bock

Software Plays Hardball

Just as competitive as personal-computer makers are the feisty independent companies that write the software for the machines. The programming firms, only frail upstarts not long ago, now constitute a \$3.3 billion U.S. industry whose creative output is the lifeblood of the computer business. Last week two major hardware manufacturers, IBM and Apple, announced major moves that could have an impact on the balance of competitive power in the bruising software business. Apple said it will create a new programming company, to be financed with some of the manufacturer's \$700 million cash hoard, while IBM announced a ten-year alliance with Lotus Development, the No. 2 software producer.

The IBM deal will help Lotus (1986 sales: \$282.8 million) strike back at its nemesis, Microsoft, which has zoomed past Lotus to become the industry's No. 1 company. Microsoft's rise was due in large part to an agreement with IBM to devel-

op software for the manufacturer's personal-computer line. But now Lotus is getting an even more challenging IBM assignment: to adapt the top-selling Lotus 1-2-3 business-ledger software and other programs to much larger computers. Lotus would thus become the first company among its peers to graduate from personal computers to huge mainframes. The deal is just as promising for IBM, which will now have the two top software makers under its wing.

That could be disturbing for Apple, which needs a steady flow of fresh software for products like the Macintosh. So last week Apple announced plans to set up a well-financed, independent software company that could eventually rank among the industry's top five producers. The new concern will initially develop software only for Apple machines under an unspecified non-Apple name. The company will aim in part to seek out hot new ideas from small-time independent programmers who lack the resources to market their products. So, just like Apple's first computer, the next software breakthrough may be discovered in somebody's garage.

Bond Bombshell

Cost of a gamble: \$250 million

It started as a mistake, by all signs an honest one, but it grew into a Wall Street disaster. A 36-year-old senior bond trader at Merrill Lynch apparently lost his cool last month when rising interest rates started rapidly eroding the value of his \$900 million portfolio. Instead of liquidating the securities and taking the loss, as most of his colleagues on Wall Street were doing, the Merrill Lynch trader seemingly gambled on a go-for-broke strategy. Without his employer's permission, he plunged in deeper, buying up \$800 million more of the securities in the hope that an interest-rate turnaround would bring enough profits to bail out all his losses. His wager failed spectacularly. When Merrill Lynch announced the episode last week, the firm estimated its losses at \$250 million, possibly the largest single trading deficit in Wall Street history.

The financial community was stunned at not only the immensity of the loss but also the identity of the trader: Howard Rubin, the head of Merrill Lynch's trading desk for mortgage-backed securities. Rubin, who has been fired but not charged with any criminal wrongdoing, was a respected trader and is a Harvard Business School graduate. Said Stephen Joseph, a senior trader at Drexel Burnham Lambert: "It's really strange. He has a great reputation."

But Rubin was apparently dealing in one of the tricky, relatively untested new types of securities. The bonds that tripped up Merrill Lynch are interest-only/principal-only securities, known as IOPOs. Investment houses create them by buying mortgage-backed bonds—typically those issued by the Government National Mortgage Association, or Ginnie Mae—and then splitting the securities into two parts, one that pays interest and another whose price rises or falls with the resale value of the bond. Rubin was selling the



Merrill Lynch

interest-paying bonds and hanging on to the principal securities, which lost value rapidly as interest rates rose.

The incident prompted questions about Merrill Lynch's internal supervision. The firm claimed it had put a closer watch on Rubin at least a year earlier, after assessing him as talented but risk-prone. Last week the company began an in-house probe and fired a second trader, who had allegedly failed to disclose investments and lost \$10 million. Meanwhile, colleagues began looking for hints in Rubin's background about why he took such a plunge. According to one account, the trader had been a devoted blackjack player before his business-school days. ■



An FDIC official, right, and a guard move a cart containing cash from Unitedbank's teller drawers

"Nobody Thought It Would Be Us"

When a Texas bank goes belly-up, the Feds swoop down fast

It was the largest of the 69 U.S. banks that have failed this year. The collapse of Unitedbank-Houston (assets: \$218 million) showed once again how shaky some parts of the American financial system are, especially in the depressed oil patch. When officials from the Federal Deposit Insurance Corporation shut down the bank last week, TIME Correspondent Richard Woodbury went along to see how such an operation is carried out. As it happened, the drama had an unexpected denouement. His report:

Reeling from bad loans and famished for new capital, Unitedbank was a prime candidate for closure. Still, when an army of FDIC liquidators marched without warning into the bank's headquarters in a downtown skyscraper, the staff of 100 were traumatized. Secretaries wept as the intruders posted notices on the inlaid-glass walls, changed the door locks and dismantled automatic-teller machines. "We kept hearing the rumors, but nobody thought that this time it would be us," sighed Teller Erica Joiner, 30, who watched as armed guards took up positions in the lobby and federal officials affixed blue seals to cash drawers.

Unitedbank's fall resulted from the go-go style of Chairman Vincent Kickerillo, a local land developer. Taking over in 1968, Kickerillo overcommitted the bank to real estate loans and investments in other banks during the oil boom of the late '70s and early '80s. When the economy soured in 1982, so did Unitedbank. By this year it was losing \$1 million a month. For a time Kickerillo, a self-made millionaire who commuted to work in a jet helicopter, covered the losses himself. But after an audit three weeks ago showed Unitedbank to be \$7 million in the red, authorities moved to declare it insolvent.

Last Wednesday 150 FDIC liquidators began gathering in Houston. To avoid detection that could lead to a run on the

bank, they slipped into a downtown hotel under the cover identity of "Gulf Coast Tours." At 3:12 the next afternoon, minutes after the end of the banking day, they started streaming into the classy marble headquarters and three downtown branches. After assembling the headquarters employees in a basement lobby, Liquidation Specialist Timothy Putnam told them, "As of now, you're on the payroll of the FDIC. You'll get overtime tonight. Balance your windows. Finish your processing. Dinner is coming in."

With that, federal officials wheeled vans to the doors, unloaded portable computers and typewriters and fanned across the bank's five floors, counting cash in the vault, poring over spread sheets and answering the ringing phones with "FDIC." In the executive suite, Secretary Debbie Bratton watched in disbelief as strangers carted off the Texas banking charter. Fretted New Accounts Representative Norma Villalobos: "Everyone's in shock. Hopefully, somebody will buy us out."

At week's end a rescuer appeared. The American Bank, a smaller institution two blocks away, agreed to acquire the insured deposits of Unitedbank and buy some of its good loans. As word spread that withdrawals could be made on Monday, worried depositors in the lobby broke into wide grins.

But the acquisition still left FDIC Liquidation Chief Frank Norris with the task of trying to collect on Unitedbank's pile of bad loans, some 55% of its portfolio. Assets also include a foreclosed motel, two 150-ton cranes and the gold-color Mercedes-Benz 500 SEL that Kickerillo drove. The FDIC will have to unload the lavish appointments in the bank's 43rd-story penthouse, where Kickerillo and his wife Mary, the bank's vice chairman, once entertained high-rolling clients. Among the fixtures: ten ostrich-skin chairs, imported crystal and a sauna. ■

Economy & Business

A Handshake for All Seasons

Two entertainers keep a pact to split their profits—forever

What do Frank Sinatra, Diana Ross, Neil Diamond, *Miami Vice*, *Little Shop of Horrors* and Nair hair-removal cream have in common? They have all generated earnings for an obscure Los Angeles company, the Four Seasons Partnership. Like many businesses in the entertainment field, the firm employs technicians, musicians and other professionals, but the heart of the company is a 25-year-old creative and financial partnership between two men—Bob Gaudio and Frankie Valli—that is highly unusu-

Copacabana, he gave half of his earnings to Valli, who had nothing to do with the show. When Valli headlined a big concert last year at New Jersey's Meadowlands Arena, Gaudio got half the profits even though he was in London producing the sound track for the movie *Little Shop of Horrors*. Naturally, Valli got half the profits for Gaudio's film work.

The arrangement dates back to 1962, when Gaudio and Valli, who came from working-class Italian neighborhoods in the Bronx and Newark, respectively, were

million on the strength of their original handshake. Says Valli: "If you trust your partner, contracts are not important. We have never had to police one another." Indeed, they see each other only occasionally. Gaudio is based in Los Angeles, while Valli's home is in Fort Lee, N.J.

The Four Seasons Partnership has various music publishing and production subsidiaries. But the proceeds from Valli's concerts, TV appearances and record sales, plus royalties from Gaudio's writing and production work, are ultimately funneled to the Los Angeles office of the Manhattan-based Barash, Goodfriend & Friedman accounting firm. It pays the partnership's employees, including the band members who back up Valli in the Four Seasons. The accountants divide the net profits between Valli and Gaudio.

The two admit that the partnership would be strained if one of them consistently earned much more money than the other. But over time things evened out. In 1978 Valli was the big breadwinner because he sang the title song from the movie *Grease*, which brought in an estimated \$2 million for the partnership. In 1981 Gaudio starred, when the music he produced for the Neil Diamond movie *The Jazz Singer* earned him perhaps \$1 million or more after divvying up with Valli.

The partnership has endured several crises. In 1967 Valli realized he was losing his hearing because of otosclerosis, a rare inner-ear ailment. One doctor told him that he would go completely deaf. At about the same time, sloppy management of the Four Seasons' business affairs plunged the group some \$2 million in debt. To recoup, Valli embarked on a grueling schedule of about 300 concerts a year from 1969 to 1973. During that period, his ears got so bad that at times he had trouble hearing the band playing behind him. Finally, a series of operations restored most of Valli's hearing, and a string of No. 1 hits in the 1970s put the Four Seasons back on easy street.

Today, Gaudio and Valli could retire and still earn a splendid living. Every time a radio station plays one of their records, the partnership makes money. Royalties from past hits bring in as much as \$700,000 a year. Many of Gaudio's perky compositions seem to be perpetual money-makers. The first song he ever wrote was *Short Shorts*; more than two decades later it became the theme song in commercials for Nair hair-removal cream.

Gaudio and Valli are always looking for new ways to fill their joint coffer. Valli, for example, is trying to launch an acting career. He made a guest appearance on *Miami Vice* last year and has a major role in an upcoming film comedy called *Dirty Laundry*. Whatever directions Gaudio and Valli take, they have no thought of breaking their deal. Says Gaudio: "That would be like telling your brother that he couldn't come to dinner anymore. We're family."

—By Charles P. Alexander



Frankie Valli, left, and Bob Gaudio look over a tune at a Hollywood studio

"Maybe we should hedge our bets. You get 50% of me, and I get 50% of you."

al, if not unique, in the world of business.

Gaudio, 46, is a composer, pianist, arranger and producer who has worked on records with Sinatra, Ross, Diamond, Michael Jackson and Barry Manilow. Valli, 53, is the veteran pop singer whose high-pitched voice (a critic once likened it to an air-raid siren) still packs in audiences at basketball arenas, concert halls, nightclubs and casinos. Both men were original members of the Four Seasons, the famed rock group that next month will launch its 25th anniversary concert tour. The dozens of Four Seasons hits, including such Gaudio tunes as *Big Girls Don't Cry* and *Who Loves Who*, have sold more than 100 million records and tapes.

Though Gaudio stopped performing with the group more than 15 years ago and his career took off on a different course from Valli's, their fortunes have remained intertwined. Reason: they are still partners despite their professional separation, and they split all income—whoever earns it—down the middle. When Gaudio co-produced the music for Manilow's TV special

only dreaming of hitting it big. At the time, Valli was a barber, Gaudio worked in a printing plant, and the Four Seasons was an unknown group playing on weekends in small clubs and bowling alleys. Sitting one evening in Valli's apartment in a Newark low-income housing project, the two friends decided to be partners forever and share their earnings equally. Recalls Gaudio: "We said, 'Neither one of us knows where we're going to wind up, but maybe we should hedge our bets. You get 50% of me, and I get 50% of you.' They shook hands on the deal."

In September 1962 the partnership struck gold when Gaudio's song *Sherry* and Valli's shrill vocals put the Four Seasons on top of the pop world. In 1971 Gaudio, who never liked performing, stopped touring with the Four Seasons but continued to produce the group's records and started working with other artists as well. Valli agreed to stay with the Seasons as lead singer. All the while, Gaudio and Valli never felt the need of a written contract. They have divided well over \$50

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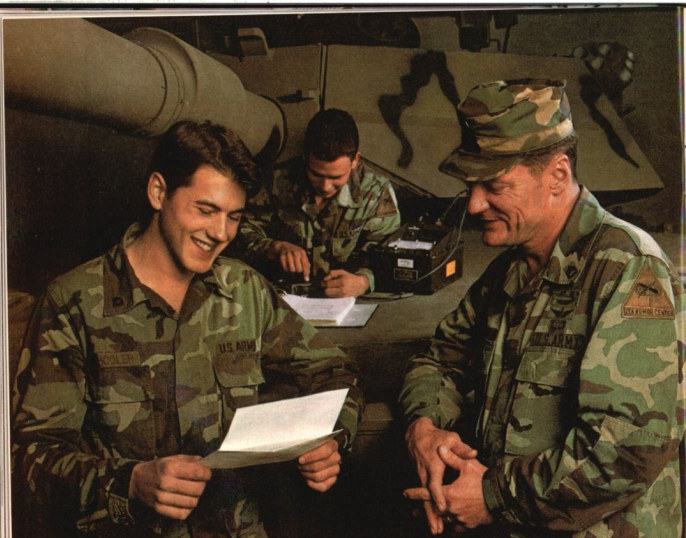
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Business Notes



A big picture, bound for Broadway



Some Savile Row tailors fear a trimming of their turf



Alcatraz revelers sip martinis on the rock

STATE REVENUES

Fighting a Tax On Peacocks

It seemed like a good idea at the time. Looking for a relatively painless way to raise funds, Florida Governor Bob Martinez decided to play some creative games with the state's 5% sales tax. Over the voluble protests of many businessmen and lobbyists, he and the Florida legislature expanded the reach of the levy to include many services. Among them: advertising, warehousing and numerous legal, accounting and real estate fees. Last week some fiscal results were in on Martinez's gambit, and they were not good. NBC television announced it was canceling its May 1988 affiliates' convention, scheduled to take place at Orlando's Walt Disney World, in protest over the measure.

The peacock is standing up Mickey Mouse because the expanded tax would include a levy on all network and affiliate advertising carried in Florida. If 7% of a commercial's viewers are in Florida, for example, then the advertiser would be required to pay the state a 5% tax on 7% of the network's fee for running the ad. The network's affiliates in Florida would have to collect the tax for any local advertising.

That prospect could lead to more boycotting of Florida's convention spots. A meeting of the American Ad-

vertising Federation will go on next month at Disney World because it is too late to reschedule. But the AAF said it would turn the meeting into a protest rally to urge repeal of the tax.

HABERDASHERY

A Pinch in the Wallet Pocket

The elegantly dressed tailors on London's Savile Row, who cater to customers willing to spend \$1,250 for a custom-made suit, at times decide to "take it in a little." But now some fear that their own historic district may soon be subject to alterations that could send it the way of the Nehru jacket. A zoning change before Britain's Environment Secretary would eliminate the distinction between offices and light industry. The tailors fear that once landlords realized they could convert Savile Row's shops from light-industry status into office space, rents would quadruple and many shops in the 140-year-old district would be forced to close.

The normally quiet tailors, who account for 3,000 jobs and more than \$44 million in annual sales, are not sitting around with their hands in their pockets. Some have written letters to Parliament. Others have asked U.S. customers, who make up 60% of Savile Row's clientele, to protest to the British embassy.

BRAZILIAN DEBT

Tough Talker Takes a Walk

U.S. bankers may be able to breathe a little easier now, because Dilsen Funaro has lost his job. The contentious Brazilian Finance Minister had hoped to pressure foreign banks into drastic concessions on the country's \$108 billion in debts. But last week Funaro, who proved unable to rein in Brazil's runaway economy, was dumped by President José Sarney in favor of the more pragmatic Luiz Carlos Bresser Pereira, 52, an economist and businessman. Bresser Pereira promptly devalued Brazil's currency 8.5% against the U.S. dollar in an effort to boost export income, which should improve the country's ability to pay its debts.

ADVERTISING

Putting Byte Into Billboards

Mammoth billboard images of the kind that frequently adorn Manhattan's Times Square have been a frustrating market niche for the \$1.3 billion outdoor advertising industry. The huge, hand-painted icons often take a month to produce, sometimes depict faces inaccurately, and can be awkward to move. But now two California manufacturers have shown

that turning out big pictures can be child's play. Los Angeles-based Metromedia Technologies uses computers to convert photos or other artwork into billboards up to 17 ft. by 54 ft. within just six hours. Another company, Torrance-based Computer Image Systems, is creating a 41-ft. portrait of Liza Minnelli that will rise this week over New York's Palace Theater.

OFFICE PARTIES

Sentence: One Night in Quail

"I'm indicted to see you all here tonight," quipped Pat McBaine, an executive vice president of Hambrecht & Quist, the San Francisco investment firm. His pun had a certain appropriateness. By way of a theme party, McBaine's company had invited some 600 members of the financial community to share in the unique feeling of being an illegal insider trader. Or almost. The guests were transported by boat to Alcatraz, the inactive island penitentiary in San Francisco Bay. There, while 25 actors dressed as convicts and jail guards capered around them, the temporary inmates sipped on roast quail with lime sauce and admired the concrete and steel-bar décor. Estimated cost of the bash: about \$100,000. To many, that seemed like something of a crime itself.

People



Play it again, sweetie

Okay, who is it? **Jonathan Winters** in drag. Wrong. **Clara Peller** on a good day. Wrong again. Check out those hands, that precision grasp on the glasses. Those are fingers made for fiddlin'. Right, aficionados, the bewigged man in none other than **Itzhak Perlman**, 41, but only a top violinist would understand the warmth in his dress-up spoofing of **Dorothy DeLay**. Miss DeLay, as Perlman and all her students always call her, is one

Stern, 66, too old to have been her student but admirer enough to have won the honor of playing *Happy Birthday* for her. The audience of violinists exploded in whoops of knowing laughter as Perlman, in his dress and matching scarf, tutored a stream of mediocre pupils, coaxing them with her trademark coos of "sugarplum" and "sweetie." Then the nonpareil string section serenaded her with the unhapily remembered piece, *Kreutzer's Etude No. 6*. "They thought it was my favorite torture," says Miss DeLay, smiling. "It was a little like putting thumbscrews on somebody."

Among the over-the-title egos of the film world, a star whose identity has been deftly submerged into a hundred characters is a rare find. In fact, who else is there besides **Alec Guinness**? In New York City last week, the Film Society of Lincoln Center and act-



Mia with Woody, 1986; and baby makes eleven

a hard one for the actor. "Alec finds it difficult to accept any sort of compliment," observed **Sir John Mills**. The self-effacing, self-described "elderly English thespian who is almost in a state of catatonic shock" likened the experience of seeing 40 years of his films pass before his eyes to the experience of a man drowning. But he was relieved that the black-and-white films had not yet been color-washed: "I've been rather dreading *The Man in the Puce-Colored Suit* or *The Magenta Hill Mob*." And he did offer one piece of advice for an actor about to make an entrance: "Blow your nose and check your fly." Sir Alec, the unrelenting prod, had naturally done both before taking the Lincoln Center stage.

"I don't care about heirs," said **Woody Allen** in April's *Esquire* magazine. "Everybody should stop reproducing for a while and should adopt all the kids that are loose." Allen, 51, did add that his longtime lover and frequent costar **Mia Farrow** is "gifted at raising kids. I think she's going to get more. It's just something she wants to do." Sooner than Woody

realized—and he was part of the plan. This November, the professionally productive two-some announced last week, they are expecting a baby. But where will the child live, her place or his? Farrow, 42, resides in a cavernous apartment on the West Side of Manhattan with her brood of eight: three sons from her marriage to **André Previn** and five adopted children. Allen maintains his posh digs on Fifth Avenue, right across Central Park. Wherever the new baby settles, the arrival could launch a whole new genre of Woody Allen films. If art imitates life, **Bill Cosby's** reign on funny fatherhood could be challenged.

In just four hours, working with brushes on cutoff broomsticks and four gallons of Gainsborough Blue paint, Artist **David Hockney**, 50, brought the bottom of the Hollywood Roosevelt Hotel pool to life. The artist then initiated the shallow end of his concrete canvas and left an imprint of his hands, Grauman's Chinese-style, to be embedded in the surrounding deck. Hockney, who has a home in the nearby Hollywood Hills, often uses shimmering pools in his paintings,

Hockney freestyling his concrete canvas: a splash



Guinness with friends: starring this time as himself

of the most revered violin teachers in the U.S. To celebrate her 70th birthday, Perlman, who studied with her at Manhattan's Juilliard School of Music for nine years, got 75 of her former pupils to come from around the world for a surprise party. The guests ran from a current prodigy, **Midori**, 15, through Soloist **Nadja Salerno-Sonnenberg**, 26, to Isaac

friends and admirers such as **Carrie Fisher**, **Irene Worth**, **Glynis Johns** and **Coral Browne** saluted Sir Alec, 73, with 2½ hours of tributes, reminiscences and clips of his 46 films, from *The Ladykillers* to *Star Wars*. (His Fagin in *Oliver Twist* was omitted at Guinness's request because he says some have found the portrayal anti-Semitic.) The evening was

which sell for as much as \$500,000, but this was a gift to the hotel. When it opened in 1927, **Greta Garbo**, **Gloria Swanson**, **Clara Bow**, **Charlie Chaplin**, **Douglas Fairbanks** and **Mary Pickford** showed up to celebrate. The Hollywood Boulevard hostelry had fallen into decay in the past 20 years. But thanks to a \$42 million renovation, the magic is back, and a new crowd—**Dennis Hopper**, **Lily Tomlin**, **Mikhail Baryshnikov**, **Elton John**, **Dudley Moore**, **Burt Reynolds**—drops in. Now they will have a pool worth glittering by.



Who put the zigzag in Zog?

Attention, those who enjoyed the guessing game back up in the left-hand corner. Try this tougher picture puzzle, with a military kink. A hint that won't help: the officer is not a gentleman. Unrecognizably enough, that is **Theresa Russell**, 30, in drag, as

to mark the return of a Hollywood landmark



the young and agitated King Zog of Albania. Breaking away from her trademark vixen-seductress roles (*Black Widow*, *Bad Timing*/A Sensual Obsession), the actress transvested for a short film segment directed by her husband, **Nicolas Roeg**. His is one of ten vignettes by different directors that make up a movie called *Aria*, which will premiere in two weeks at the Cannes Film Festival. For the role of the flinty King, who ruled from 1928 to 1939, Russell copied **Prince Charles'** regal walk and hand behind the back. "I was lucky I was in uniform; I couldn't wiggle my fanny as much," says Russell, whose breasts were flattened, shoulders and arms broadened with padding, and waist-length hair stuffed under a wig. She had no voice problems because her screen moments were silent. But mimicking male facial muscles proved tricky: "I could feel my face wasn't doing what a man's face would do with the same emotions. Guys have a lot of problems."

Prince Charles himself and his princess were making news and pictures last week. In fact, it is hard to believe that the British tabloids haven't credited Di with a new Spanish dance, the "Raleigh stomp." Making like Sir Walter, a contingent of students in Salamanca carpeted the ground with their cloaks to smooth **Diana's** way over the cobblestones. But after the royal duo finished their official vis-

it to Spain, they went their separate ways—she home to see the kids, he for a painting holiday in Tuscany—and the tabloids went bonkers over the split itinerary. It was the couple's seventh separation this year, counted the tut-tutters. Dishing the royal dirt, the *Star* ran excerpts from yet another new book, *Charles by Journalist Penny Junor*, which depicts the prince as a "sad character" who "doesn't have the support he should have from a wife." Rushing to the rescue, a British news agency quoted a royal intimate: "Although they have separate in-



Rolling out the cloaks for Di in Spain: Tut-tut, say the tabs

terests, that does not hurt the marriage in any way." What they really need is a holiday from the forever bickering British tabloids.

As the University of Miami's star quarterback, he often scrambled out of the pocket to launch successful passes. And now success is scrambling into the pockets of **Vinny Testaverde**. With a Heisman Trophy

the highest ever for a player fresh out of school. After a congratulatory handshake from N.F.L. Commissioner **Pete Rozelle** and a few minutes signing autographs, Testaverde was off and running for a plane to the Buccaneers' rookie camp. "Right now I'm just one of the quarterbacks on the roster," said Testaverde modestly, adding that getting picked No. 1 "makes me realize I accomplished one of my



The \$8 million man: Testaverde with Rozelle, left

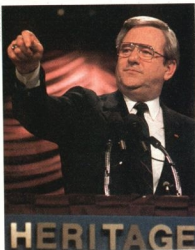
already tucked away, Testaverde last week completed another big score. To no one's surprise, he was the No. 1 selection in the National Football League's college draft. He and the Tampa Bay Buccaneers had already agreed on a six-year, \$8.2 million contract,

goals and that it's time for me to set new ones." Like bucking up the Bucs. At two wins and 14 losses they were the N.F.L.'s worst team last year. Of course, if they hadn't vanished into last place, they wouldn't have got Vinny in the first place. —By Martha Smilgits

Religion



Views of the Evangelical scandals last week: tearful Tammy, tired Jim, jaunty Jerry



Taking Command at Fort Mill

Jim Bakker surfaces, and Jerry Falwell begins his PTL cleanup

Looking properly contrite and a trifle weary, fallen Televangelist Jim Bakker emerged from his self-imposed seclusion in Palm Springs, Calif., last week. Flanked by Wife Tammy and Son Jamie, 12, the boyish Bakker, once ruler of the \$129 million PTL television and theme-park ministry, delivered a message of conciliation ("We will not fight—we don't want to be part of a circus") and seeming acceptance ("Without a miracle of God, we will never minister again").

The Pentecostal preacher, who has been lying doggo since he confessed seven weeks ago to adultery, bristled slightly when discussing new charges of immorality recently leveled against him. "I've never been involved in wife swapping," Bakker asserted. "I'm not a homosexual, and I've never been to a prostitute." He noted that he had only enough money to last "six months at the most," and added almost jauntily, "We have eight or nine million dollars in royalties we never received" from PTL.

Those declarations were made only three days after fellow TV Preacher Jerry Falwell made sure that Bakker would never minister again at his former domain in Fort Mill, S.C. Bakker had relinquished control of PTL (for Praise the Lord or People That Love) to Falwell, a Fundamental Baptist, after confessing that he had paid \$265,000 in hush money to cover up his adultery. But

prior to last week's board meeting at PTL, Bakker had wired Falwell that it seemed time for a comeback.

With some of Bakker's followers clamoring for his return, Falwell talked openly of walking away from the troublesome mess. After some soul-searching, the Lynchburg, Va., preacher took decisive command, declaring that Bakker's "ministry here has ceased" and ordering a thorough housecleaning. The PTL board ended further pay to the Bakkers, who reportedly had drawn an astounding \$4.6 million in compensation since 1984. A royalty arrangement on the books and records that Tammy and Jim produced at PTL will be

negotiated. In addition, the board ousted Bakker's former top aide, Richard Dortch, who had succeeded Bakker as PTL leader and received \$620,000 over the past 15 months. Also sacked: Bakker Aide David Taggart, who had been paid \$710,000 since January 1986.

The board hired new auditors and ordered a full review of compensation. The Bakkers apparently will no longer have use of the residence provided by PTL, but they own two comfortable homes elsewhere. PTL is expected to unload the lakefront home near Fort Mill where Dortch lives, along with five resort properties and assorted boats and luxury cars.

Falwell and the board launched an investigation into the new sexual charges against Bakker that had been leveled, without public documentation, by Baptist Televangelist John Ankerberg of Chattanooga, Tenn. Falwell disclosed last week that part of Bakker's hush-money payment was made by PTL and that the remainder was provided by a major PTL contractor, Roe Messner of Wichita. At Dortch's request, Messner then billed PTL for the sum, but Falwell described that as a mere "error in judgment."

To grapple with PTL's growing problems, the board installed as its new chief operating officer Harry Hargrave, 38, a Presbyterian who is a Dallas investment consultant and specialist in theme parks. Hargrave told the staff that PTL will now emphasize "glorifying God" and "obeying the laws of the land." He faces a signal task. PTL has lavish building plans, a payroll of 2,000 and debts of \$50 million, including \$14.7 million owed to Messner.

Perhaps the worst threat facing PTL is the loss of federal tax exemption. The tax code says that "no part" of an exempt group's earnings should benefit an individual. The IRS allows em-

ployees reasonable salaries but regularly yanks the exemptions of charities that give excessive pay and perks.

Falwell admits that PTL is fighting for its life. "I would be lying to you if I said that members of this board are not concerned about the future of this ministry," he said. He also declared that "arrogance" and lack of accountability among TV ministries had damaged the Christian cause. "This is a confession from Jerry Falwell," he said. "We are coming to the painful conclusion that if we are public figures leading Christian ministries, using public monies and contributions, then we are publicly responsible."

—By Richard N. Ostling, Reported by B. Russell Leavitt/Fort Mill and Michael Riley/Los Angeles

A Mightier Fortress

The Evangelical Lutheran Church in America, 5,361,000 members strong, was born last week in Columbus at a placid "constituting convention." The ELCA, an amalgamation of three Lutheran churches, will establish its headquarters close to Chicago's O'Hare Airport by January. Before then, some congregations that find the ELCA too liberal plan to break away. (The conservative Missouri Syn-

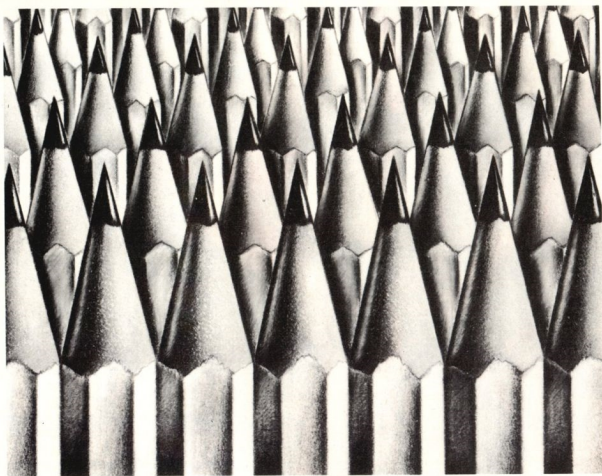
od and Wisconsin Synod remain outside the merger.)

After 68 nominations and nine ballots, the 1,045 convention delegates elected as the ELCA's first national leader Bishop Herbert W. Chilstrom, 55, who heads the Minnesota district of the Lutheran Church in America, one of the merging denominations;

his wife Corinne is a pastor in another, the American Lutheran Church. Chilstrom, who underwent cancer surgery in 1985, says that he intends "to spend a lot of time moving around the country to promote a sense of oneness."



Chilstrom



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Environment

Tubers, Berries and Bugs

Scientists release man-made microbes into the environment

In a dusty half-acre potato patch near the tiny (pop. 1,000) farming community of Tulelake, Calif., scientists in canary yellow overalls clambered aboard a tractor last week and began what looked like a workaday farmyard chore. They were planting ordinary potatoes, 2,000 tubers in all, that had been treated with an extraordinary additive: a genetically altered bacterium designed to inhibit the formation of frost.

This experiment—and a similar one performed only five days earlier—marked a turning point in the efforts of scientists to apply the advances of recombinant DNA technology to agriculture: the first authorized release of man-made microbes into the environment.

The routine Tulelake operation stood in marked contrast to the more dramatic previous test, 350 miles away in a Brentwood, Calif., strawberry field. There, technicians wrapped in head-to-foot "space suits"—required by federal regulations governing airborne use of potentially toxic substances—sprayed 2,400 strawberry plants with a slightly different strain of the same ice-inhibiting bacterium. The event drew a crowd of reporters and government officials, who arrived with elaborate devices to sniff the air and taste the dirt around the test site. The start of the experiment was delayed for an hour because of an act of sabotage: the night before, vandals, apparently expressing their disapproval of the experiment, cut through a chain-link fence and uprooted some 2,000 plants.

The uninjured berries were quickly replanted, and the project proceeded without further incident, but the protest was symptomatic of the fierce controversy surrounding the open-air trials. They have become the focal point of a bitter debate over the creation of new organisms and the risks involved in releasing them. Most biologists have argued that the outdoor tests are a necessary first step that may help reduce the \$1.5 billion lost by U.S. farmers each year to frost and may someday lead to the replacement of chemical fertilizers and pesticides with biodegradable, nonpolluting microbes.

Opponents, captained by Washington-based Activist Jeremy Rifkin, have raised legitimate questions about how well these experiments are regulated and

monitored. But Rifkin and his supporters have also played on public fears by painting the specter of a biotech Chernobyl—an experiment gone haywire, spreading man-made germs that could ruin crops, change rain patterns and render large swatches of California uninhabitable.



Lindow and associates planting potatoes last week in Tulelake

A turning point in the application of gene-splicing to agriculture.

The current experiments, almost everyone agrees, do not pose any such threat. They involve a modest bit of genetic engineering on the bacterium *Pseudomonas syringae*, a common parasite that lives on the bark and leaves of many plants. The bacterium produces a protein that serves as a seed for the formation of ice crystals when the temperature drops below 32° F. By snipping the seed-making

gene from the DNA of the microbe, Berkeley Plant Pathologists Steven Lindow and Nickolas Panopoulos created a mutant form of *P. syringae* that does not promote frost. They call their new microbe "ice-minus." In the laboratory, leaves coated with the microbes have briefly withstood temperatures as low as 23° F.

In 1982 Lindow and Panopoulos applied for permission to treat potatoes with ice-minus. They failed to anticipate Rifkin. A former antiwar activist with a fertile imagination and a knack for using the bureaucratic process, Rifkin organized what may be

the longest-running regulatory battle ever. One of his victories: a 1984 temporary injunction against Lindow and Panopoulos issued by Federal District Judge John Sirica of Watergate fame.

There have been excesses and lapses on both sides. Rifkin, who makes his living speaking against genetic engineering, sowed fear and doubt among the public even after his supporters had concluded that the experiments were safe. But the scientists have not been blameless. Advanced Genetic Sciences Inc., the Oak-

land-based start-up firm that conducted the strawberry tests, managed to alienate most of California's Monterey County in 1986 when its closely held plans to test the microbes in that area were uncovered by a local newspaper. While that issue was being debated, Rifkin revealed that AGS scientists had already injected mutant bacteria into fruit and nut trees growing on the roof of their Oakland labs—a violation of federal and state regulations. AGS was fined \$13,000 for its transgression.

AGS learned its lesson. This month's experiments were preceded by a well-orchestrated campaign that included public meetings, mounds of explanatory literature and plant tours for county officials. The final legal hurdle fell the day before the first test. "The court is convinced," said Sacramento Superior Court Judge Darrel Lewis, "that [the experiments] are not unleashing some deleterious bacteria that are going to consume the city of Brentwood or anywhere else."

It was a setback for opponents of such research, and for Rifkin in particular. But

it does not mean smooth sailing for the genetic engineers. Strict guidelines are now in place, and as long as there are industry watchdogs, every experiment will be closely checked. Rifkin shows no signs of giving up. "We will battle every step of the way," he promised last week. "This protest is not going to go away." For Lindow, however, the long battle was over. Said he, when the tubers were finally in the ground: "It's quite a relief to finally see science progress."

—By Philip Elmer-DeWitt, Reported by Cristina Garcia/Tulelake and Dick Thompson/Washington



Spraying the strawberries

Science

COVER STORY

Superconductors!

The startling breakthrough that could change our world

They began lining up outside the New York Hilton's Sutton Ballroom at 5:30 in the afternoon; by the time the doors opened at 6:45, recalls Physicist Randy Simon, a member of TRW's Space and Technology Group, "it was a little bit frightening. There was a surge forward, and I was in front. I walked into the room, but it wasn't under my own power." Recalls Stanford Physicist William Little: "I've never seen anything like it. Physicists are a fairly quiet lot, so to see them elbowing and fighting each other to get into the room was truly remarkable."

Thus began a session of the American Physical Society's annual meeting that was so turbulent, so emotional and so joyous that the prestigious journal *Science* felt compelled to describe it as a "happening." AT&T Bell Laboratories Physicist Michael Schluter went even further, calling it the "Woodstock of physics." Indeed, at times it resembled a rock concert more than a scientific conference. Three thousand physicists tried to jam themselves into less than half that number of seats set up in the ballroom; the

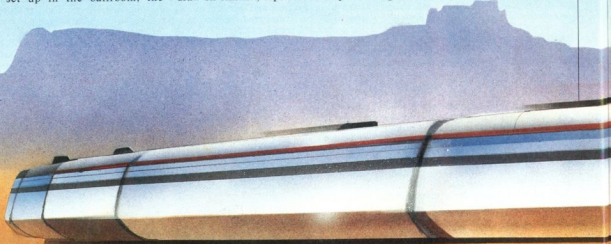
rest either watched from outside on television monitors or, to the dismay of the local fire marshal, crowded the aisles. For nearly eight hours, until after 3 a.m., the assembled scientists listened intently to one five-minute presentation after another, often cheering the speakers enthusiastically. Many lingered until dawn, eagerly discussing what they had heard and seen.

What stirred all the excitement at that tumultuous meeting in March was a discovery that could change the world, a startling breakthrough in achieving an esoteric phenomenon long relegated to the backwaters of science: superconductivity. That discovery, most scientists believe, could lead to incredible savings in energy; trains that speed across the countryside at hundreds of miles per hour on a cushion of magnetism; practical electric cars; powerful, yet smaller computers and particle accelerators; safer reactors operating on nuclear fusion rather than fission and a host of other rewards still undreamed of. There might even be benefits for the Strategic Defense Initiative, which could draw on efficient, superconductor power

sources for its space-based weapons.

Superconductivity is aptly named. It involves a remarkable transition that occurs in many metals when they are cooled to temperatures within several degrees of absolute zero, or, as scientists prefer to designate it, 0 Kelvin. Absolute zero, equivalent to -460°F or -273°C , represents a total absence of heat; it is the coldest temperature conceivable. As the metals approach this frigid limit, they suddenly lose all their electrical resistance and become superconductors. This enables them to carry currents without the loss of any energy and in some cases to generate immensely powerful magnetic fields. Scientists have recognized for years that the implications of this phenomenon could be enormous, but one stubborn obstacle has stood in their way: reaching and maintaining the temperatures necessary for superconductivity in these metals is difficult and in most instances prohibitively expensive.

Now, in a series of rapid-fire discoveries, researchers around the world have begun concocting a different class of materials that become superconductors at significantly higher temperatures—levels



that, while still beyond the reach of a kitchen refrigerator, are easier and less costly to attain. These achievements have had an electrifying effect on a subject that just a year ago would have elicited yawns from physicists and blank stares from politicians. Indeed, hardly a week has passed since the New York City meeting without reports from competing scientists—in the popular press as well as in professional journals—of new superconducting materials and ever higher temperature ranges. An effect that once could be detected only with sophisticated equipment has become a common sideshow at conferences: a sample of one of the new materials is placed in a dish of liquid nitrogen, and a magnet placed above it. Since superconductors repel magnetic fields, a phenomenon called the Meissner effect, the magnet remains suspended in midair.

Fun and games aside, though, the competition is growing more intense. Researchers around the world are canceling vacations, ignoring their families, moving cots into their labs and subsisting on takeout food and microwave popcorn. "We've been working since right after Christmas," says Physicist J.T. Chen of Wayne State University in Detroit. "We do experiments almost every day. Sometimes we sleep only three or four hours. Maybe it was like this when the transistor was invented, but in my personal experience this is unique." Says Japanese Chemist Kohji Kishio: "The race is for the Nobel Prize."

The world's leading industrial nations are in a race of another kind. Quick to recognize the commercial potential of the new development, Japan's Ministry of In-

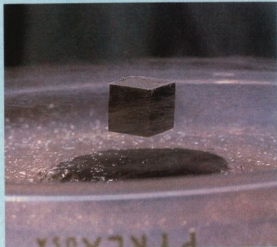
ternational Trade and Industry plans to subsidize private-sector research, and will establish a center in Nagoya to test equipment made from superconducting materials. In Washington, the Department of Energy has decided to double this year's research support for superconductors to \$40 million; it is also compiling a computerized database that will enable Ameri-

Japan targets another industry for industrial supremacy." Last week the National Science Foundation announced \$1.6 million in grants to help keep the U.S. competitive in superconductivity research.

The superlatives roll in. "In terms of the societal impact, this could well be the breakthrough of the 1980s in the sense that the transistor was the breakthrough of the 1950s," says Alan Schrieffer, director of Argonne National Laboratory near Chicago. Indeed, scientists hardly know where to start in describing the bonanza that superconductors could yield.

Take the transmission of electricity, for example. As much as 20% of the energy sent through high-tension lines is now lost in the form of heat generated as the current encounters resistance in the copper wire. If the electricity could be sent through superconducting cable, however, not a kilowatt-second of energy would be lost, thus saving the utilities, and presumably consumers, billions of dollars. Furthermore, at least in theory, all of a large city's electrical energy needs could be supplied through a handful of underground cables.

Elimination of heat caused by electrical resistance could have a profound effect on the design and performance of computers. In their efforts to produce smaller and faster computers, designers try to cram more and more circuits into chips and ever more chips into a tiny space. But they are limited in their scaling-down endeavors by heat; even the tiny currents in computer circuits generate enough cumulative heat to damage components if they are too tightly packed. Today's personal computers could not operate without vents or inter-



A magnet levitates over a disk of superconductive material

can scientists to keep up to date on fast-breaking superconductor research results, and will co-sponsor a White House conference on superconductivity this summer. "It's a monumental subject," says Energy Secretary John Herrington. "It ranks up there with the laser." In the Senate, Minnesota Republican David Durenberger has co-sponsored a bill calling on the President to form a national commission to coordinate superconductivity research and development. Says Durenberger: "We cannot stand idly by while

Trains that literally fly between cities on cushions of electromagnetism could become commonplace—if the new high-temperature superconductors make it out of the laboratory



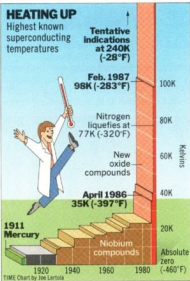
nal fans to dissipate the heat. Now, with practical superconducting circuitry on the horizon, computer designers may soon see the way clear for even more remarkable miniaturization.

In still other applications, the intense magnetic fields that might someday be generated by the new superconductors should benefit any device that now uses electromagnetism in its operation—medical diagnostic imaging machines, magnetically levitated trains, fusion-energy generators—and will undoubtedly spawn a host of new machines. Electric motors could increase in power and shrink in size.

But these are just the most obvious examples. Scientists like Robert Schrieffer, who shared the 1972 Nobel Prize in Physics for the first successful theory of how superconductivity works, believe its most dramatic applications have yet to be conceived. "When transistors were first invented, we knew they'd replace tubes," Schrieffer says. "But no one had any idea there would someday be large-scale integrated circuits." Robert Cava of Bell Labs agrees. "We don't know where this will lead," he says. "It's exciting—and I guess frightening at the same time."

From the time that Dutch Physicist Heike Kamerlingh Onnes discovered superconductivity in 1911 until the recent rash of breakthroughs, there was only one way to produce the phenomenon: by bathing the appropriate metals—and later, certain metallic alloys—in liquid helium. This exotic substance is produced by lowering the temperature of rare and costly helium gas to 4.2 K (-452°F), at which point it liquefies. But the process is expensive and requires considerable energy. Furthermore, unless the liquid helium is tightly sealed in a heavily insulated container, it quickly warms and vaporizes away. Thus the practical use of superconductors has been limited to a few devices—an experimental Japanese magnetically levitated train, a few giant particle accelerators and medicine's magnetic-resonance imaging machines—that operate with intense magnetic fields.

But in the past year and a half physicists have stumbled on an unusual class of ceramic compounds that change everything. They too must be cooled to become superconductors, but only to a temperature of 98 K (-283°F). And that suddenly brings superconductivity into the range of the practical; liquid helium can be replaced as a coolant by liquid nitrogen, which makes the transition from a gas at the easily produced temperature of 77 K (-320°F). Moreover, liquid nitrogen is cheaper by the quart than milk and so long-lasting that scientists carry it around in ordinary thermos



bottles. Also, the ceramics may be able to generate even more intense magnetic fields than metallic superconductors. Thus, if these new substances can be turned into practical devices—and most scientists believe they can—technology will be transformed. Declares Arno Penzias, vice president for research at Bell Labs: "The recent advances in the field of superconductivity are almost without comparison."

Success and celebrity have been a long time in coming to the field of superconductivity. "Until recently," says John Ketterson, a physicist at Northwestern University, "people were glum. There hadn't been a breakthrough in a long time. Funding was drying up. This has sent everyone back into the field with a new burst of enthusiasm." Although Ka-

merlingh Onnes envisioned early on that his discovery might pave the way for extremely powerful, compact electromagnets, he and other experimenters were stymied by a strange phenomenon: as soon as enough current was flowing through the then known superconductors (lead, tin and mercury, among others) to generate significant magnetic fields, the metals lost their superconductivity.

It was not until the 1950s that scientists discovered alloys, such as niobium tin and niobium titanium, that keep their superconductivity in the presence of intensely strong magnetic fields. And it was not until the '60s and '70s that the manufacture of large superconducting magnets became standardized. But progress toward the other goal of superconductivity researchers, pushing the phenomenon into a practical temperature range, was even slower. By 1973, some 62 years after Kamerlingh Onnes had found superconductivity in mercury at 4.2 K, scientists had upped the temperature to only 23 K, using an alloy of niobium and germanium. After 1973: no improvement.

That was the situation in 1983 when Karl Alex Müller, a physicist at the IBM Zurich Research Laboratory in Switzerland, decided to pursue an approach to superconductivity that had met with limited success in the past. Instead of using the kind of metallic alloys that held the existing record, he turned his attention to the metallic oxides (compounds of metals and oxygen) known as ceramics. Some theorists had suggested ceramics as potential superconductors even though they were poor conductors at room temperatures. In fact, ceramics are often used as insulators—for example, on high-voltage electric-transmission lines.

Müller and his colleague, Johannes Georg Bednorz, tinkered with hundreds of different oxide compounds over the next few years, varying quantities and ingredients like alchemists in search of the philosopher's stone. Finally, in December 1985, they came across a compound of barium, lanthanum, copper and oxygen that seemed promising. When Bednorz tested the compound, he was startled to see signs of superconductivity at an unprecedented 35 K, by far the highest temperature at which anyone had observed the phenomenon. Could this result be correct? Aware of some hastily made superconductivity claims that later could not be reproduced, the IBM team proceeded cautiously, painstakingly repeating their experiments. In April 1986, Müller and Bednorz finally submitted the findings to the German journal *Zeitschrift für Phy-*

CURRENT FLOW AND RESISTANCE

INSULATOR In materials with extremely high resistance, such as rubber or glass, electrons are tightly bound to atoms and cannot be jostled loose to sustain a flow of current.

CONDUCTOR In materials with lower resistance, some electrons are loosely bound and form a current when voltage is applied. Resistance is a measure of the energy lost in the form of heat from electron collisions.

SUPERCONDUCTOR When materials become superconductive, all resistance disappears because electrons are bound into pairs, which move in step with each other, avoiding collisions. Current flows with no energy loss.

Illustration by Bob Langford/IBM

sik, which published it five months later.

As Müller had anticipated, other physicists were skeptical. For one thing, the IBM scientists had lacked the sensitive equipment to test for the Meissner effect, the surest proof of superconductivity, and thus could not confirm it in their report. More important, in a field where improvements of a few degrees were reason for celebration, this great a temperature leap seemed unlikely. Douglas Finne-more, a physicist at Iowa State University, admits that he was among the doubters. "Our group read the paper," he says. "We held a meeting and decided there was nothing to it."

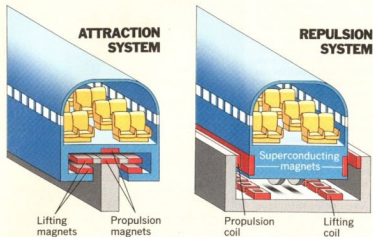
Not everyone was so quick to dismiss the discovery. Scientists from the University of Tokyo took a look at the substance. Says Müller: "The Japanese weren't smiling, and they confirmed it. Then the United States sat up." By the end of the year, confirmation had come from China and the U.S., and suddenly a nearly moribund branch of physics was the hottest thing around. Large industrial and government laboratories jumped in; so did major universities. At Bell Labs, a team led by Bertram Batlogg and Ceramist Cava had launched their own program of alchemical tinkering. Soon they had manufactured a similar compound that became a superconductor at 38 K, one-upping their archival at IBM. "That's when the hysteria started," says Cava. "The place was abuzz with excitement."

But Bell Labs too was soon to be upstaged. For among those who had given early credence to the news from Zurich was a small, modestly equipped team of researchers headed by Paul C.W. Chu of the University of Houston. Chu had been studying superconductivity since 1965; now he and his group, including scientists from the University of Alabama, quickly reproduced the IBM results and moved on to their own experiments.

Since the Houston lab had special equipment for testing materials at high pressure, Chu wondered what would happen if he pressurized the IBM compound. "Using known theories," he says, "you don't expect the transition temperature to go up rapidly under pressure, but it shot up like a rocket. It suggested to us that there might be some new mechanism involved." That unexpected result, says Chu, played right into what he considers his group's strong suit: "We feel we have an advantage over some other groups because we are not confined to conventional thinking. We think wildly." Chu found that the compound remained a superconductor up to 52 K (-366°F) when subjected to from 10,000 to 12,000 times normal atmospheric pressure.

Forcing the pressure higher than that had no effect; it was time for more wild thinking. Chu reasoned that the high pressure worked because it squashed the compound's molecular structure and that this somehow boosted its superconducting temperature. Since more pressure did no

Trains That Can Levitate



One item is on everyone's list of potential benefits of high-temperature superconductors: maglevs, or magnetically levitated superfast trains. It is a safe prediction, since the new materials give promise of electromagnets far more powerful and economical than those in use today. And it is the electromagnet that lifts and propels existing maglevs in Japan, West Germany and Britain.

As long ago as 1979 an unmanned Japan Railways Group prototype fitted with low-temperature superconducting electromagnets hit 321 m.p.h. on a test track; a version carrying three passengers made it to 249 m.p.h. earlier this year. That beats any conventional rival, including Japan's celebrated bullet train, which goes as fast as 149 m.p.h., and the French TGV, which provides the world's fastest regularly scheduled rail service, at speeds of up to 186 m.p.h.

Japan's maglev is faster because instead of pounding along a set of rails, it floats four inches above a guideway on a cushion of magnetic force; there is no friction to slow it down, no fear of derailment on a section of bent track. This maglev has wheels, but the only times it uses them are while picking up speed before lift-off and while slowing down after landing.

The principle behind the maglev is simple: opposite magnetic poles attract each other; like poles repel. In Japan's version, eight superconducting electromagnets are built into the sides of each train car, and thousands of metal coils are set into the floor of the guideway. When the train is in motion, the electromagnets on the train induce electric currents in the guideway coils, which then themselves become electromagnets. As power is increased, the opposing sets of magnets repel each other and lift the train into the air. Two other rows of electromagnets, one on each wall of the U-shaped guideway, repeatedly reverse polarity to push or pull on the coach's magnets and thus move the train forward.

In planning the train, Japanese engineers chose superconducting magnets because for a given input of electricity they generate more intense magnetic fields—and thus greater lifting and propulsion power—than conventional electromagnets. The drawback: the liquid-helium coolant needed for the superconducting magnets is expensive, and a heavy compressor is required in each coach to reliquify the evaporating helium. That is why maglev engineers are excited by the idea of the new high-temperature superconductors, which would use considerably less expensive liquid nitrogen as a coolant and require far smaller compressors. The developments of the past few months, says Research Chief Kazuo Sawada, who has been in on the project from the beginning, are a "promising sign."

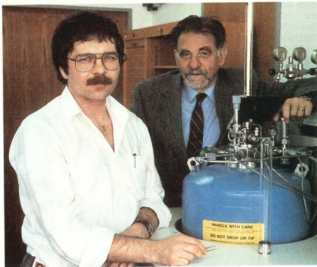
In West Germany, on the other hand, the new superconductors are of little interest to maglev engineers, who abandoned superconducting magnets in 1979. They opted to use conventional electromagnets instead. The German system is based on magnetic attraction, not repulsion. The magnets are on assemblies attached to the cars' undercarriages that curve around and under the crossbar of a T-shaped track. When the magnets are energized, they pull themselves up toward the crossbar's metallic underside and the car is lifted into the air; magnets in the track provide propulsion. Which technique is better? Both have advantages. The German maglev is simpler and less expensive to operate. But so far the Japanese trains are about 100 m.p.h. faster.

good, Chu decided to compress the molecules in a different way—from within. He replaced the barium with strontium, which is similar chemically but has a smaller atomic structure. Sure enough, the temperature rose again, to 54 K, then stopped. So he turned to calcium, an element with even smaller atoms. This time the temperature dropped. It appeared to be a dead end.

Now Chu's team tried lanthanum, the rare-earth* component of the IBM compound. Maw-Kuen Wu, head of the team's Alabama unit and a former graduate student of Chu's, replaced the lanthanum with another rare-earth element, yttrium.

The new substance showed so much promise that Chu filed a patent application on Jan. 12. That promise was soon fulfilled. At the end of the month, after subjecting their creation to a series of heat and chemical treatments, Wu and his assistants began chilling a bit of the compound, by dousing it with liquid nitrogen, and sending an electric current through it. To their amazement, the sample's resistance began to drop sharply at a towering 93 K. Recalls Wu: "We were so excited and so nervous that our hands were shaking. At first we were suspicious that it was an error." But a few days later he and Chu duplicated the feat in Houston and even bettered it by 5°.

*The so-called rare earths, a group of 17 chemical elements, are not rare at all; yttrium, for example, is thought to be more abundant than lead. These elements were mislabeled because they were first found in truly rare minerals.



Pioneers Bednorz and Müller in their Zurich lab

They got a skeptical reaction from other physicists.

The accomplishment of Chu and his team did nothing to dampen their competitors' enthusiasm. Indeed, the effect was just the reverse. In order to protect his patent, Chu refused to disclose the exact composition of his new material before the formal report was published in the March 2 *Physical Review Letters*, but other scientists thought they could easily guess its makeup and went to work.

At the University of Illinois, Physicist Donald Ginsberg raced out to buy an air mattress and an alarm clock, anticipating a spate of all-nighters. At IBM's Almaden Research Center in San Jose, scientists successfully duplicated the compound, analyzed its crystal structure and passed the information on to the company's labs in Yorktown Heights, N.Y., where their colleagues were able to make thin films of the substance literally overnight. At the University of California, Berkeley, a group that included Theoretical Physicist Marvin Cohen, who had been among those predicting superconductivity in the oxides two decades ago, reproduced the 98 K record, then started trying to beat it. "I'm a standard American scientist," says Cohen. "My definition of research is to discover the secrets of nature—before anyone else."

In short, says Douglas Scalapino, of the University of California at Santa Barbara, recent developments are something like the breaking of the four-minute mile. Beforehand, it had been considered nearly impossible; afterward, "you could go to any track meet and some guy was breaking it." The activity, says Cava, "is more exciting than a supernova. Astrophysicists can watch it, but when it happens, it happens and it's gone. In superconductivity, the events are still going on, and the physics is just beginning to pour in."

So are the scientific papers. Says Metallurgist Frank Fradin, director of Argonne's materials science division, who is

also an associate editor of *Physical Review Letters*: "As of three weeks ago, we had 98 papers submitted on the subject, and only a small fraction of them will ever get published. Progress is so rapid that a result of two to three weeks ago is already out of date. We've had to institute a whole new system to speed up the publication process." One important discovery: at least a dozen different compounds, all subtly different from the one Chu found, appear to act as high-temperature superconductors.

While scientists know the chemical composition of the new class of superconductors, they are less certain about how they work. True, a theory exists that explains low-temperature superconductivity. It is known as BCS,

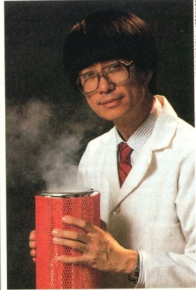
from the initials of Author John Bardeen and his colleagues Leon Cooper and Robert Schrieffer, who shared the 1972 Nobel Prize for Physics for their effort. But BCS may not apply to the strange goings-on at higher temperatures.

Ordinary conductivity, the measure of a material's ability to transmit electrical current, is determined by events that take place at the atomic level. Atoms consist of a tiny dense nucleus that contains positively charged protons and chargeless neutrons. Around the nucleus whirl the negatively charged electrons, residing in shells with shapes determined by the electrons' energy levels.

In many atoms, particularly those of metallic conductors, the outer shell has a number of empty slots, and the electrons that it does contain are not bound as tight-



John Bardeen explaining his theory



Paul Chu with a flask of liquid nitrogen

ly to it as those in the inner shells. Just as the sun's gravitational pull is weaker on distant Pluto than on nearby Mercury, the hold of an atomic nucleus is also weaker on electrons in the outermost layers.

So when an electric current—which is simply a stream of moving electrons—flows in a conductor, electrons move from empty slot to empty slot in the outer shells of the atoms. A material like rubber, on the other hand, is an insulator: it consists largely of atoms with completely filled, stable outer shells. Thus when voltage is applied, electrons have no empty slots to move into, and no current flows.

But even the best of ordinary conductors have some resistance to the flow of electrical current. The reason: as current passes through, some of the electrons collide with other electrons, thus dissipating their energy in the form of heat. According to the BCS theory, these collisions are avoided in superconductivity. "What causes a material to become superconducting is a phase change," explains Bardeen, now a professor emeritus at the University of Illinois. "You can think of it as electrons condensing into a new state." That state involves the pairing of electrons and a kind of group discipline.

Iowa's Finnemore compares the movement of the electrons in a superconductor to a crowd moving across a football field. "If they act as individual particles," he explains, "they will bump into each other and scatter. That's the equivalent of electrical resistance. But suppose someone starts counting cadence, and everyone locks arms and marches in step. Then even if one person falls into a chuck-hole, he won't fall because his neighbors hold him up." Thus in a superconductor electrons move unhindered.

While the BCS theory works well near absolute zero, some physicists think it will have to be modified or even scrapped as an explanation for the behavior of higher-temperature superconductors. According to Bardeen, his theory can explain superconductivity up to around 40 K. But at 90 K, he says, "I think it's highly unlikely. We no doubt are going to need a new mechanism." In fact, says Schrieffer, "superconductivity may turn out to have as many causes as the common cold."

Confusion at the level of theory has put no damper on the orgy of speculation about potential applications. Some ideas involve upgrading existing superconducting technology; others push marginal technology into the realm of the profitable; still others raise the prospect of entirely new uses of the phenomenon.

"The most familiar example of a phase change is the transformation, at 32° F, of water from a fluid into crystalline ice.

Giant particle accelerators are one target for possible upgrading. Currently the most powerful such devices use conventional superconducting electromagnets. If high-temperature superconducting magnets can be developed, millions of dollars could annually be saved in electrical and liquid-helium bills.

Electromagnets are also crucial to fusion energy, which depends on fusing atoms (the same process that powers the sun), rather than splitting them. Key to one promising fusion process, which is under development in several countries, is a "bottle" composed not of any material substance but of powerful magnetic fields, generated at great expense by conventional electromagnets. Such fields are the only envelopes that can contain and squeeze atoms together at the hundred-million-degree temperature required to initiate

ment. Center, should eventually enable medical institutions to install many more MRI machines, which are invaluable for diagnosing disorders like brain tumors.

High-temperature superconducting magnets may become important in the maglev, or magnetically levitated, trains under development in Japan and West Germany. And scientists at Japan's Mercantile Marine University in Kobe have already developed a working scale model of a ship with a propulsion system based on magnetism. Physicist Yoshiro Saji sends current through the seawater from an on-board electric generator via ship-bottom electrodes. A superconducting magnet, also on board, creates a strong magnetic field. As the electromagnetic field produced by the electric current pushes against the field of the magnet, the ship moves forward. Saji has already moved up

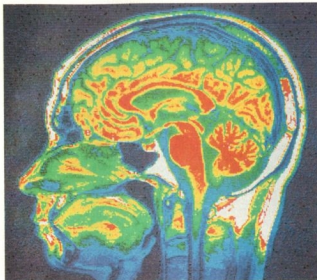
his timetable and hopes to complete a 100-ton "mag-ship" within four years. "Thanks to the new materials," he says, "magnets will be lighter and easier to handle. Once we can replace liquid helium with liquid nitrogen, the whole process of outfitting the ship will be simplified. It's a fantastic development."

On a smaller scale, superconductors have already been used to create superfast electronic switches called Josephson junctions (after Nobel Laureate Brian Josephson, the British physicist who discovered the principle on which they are based), which until now could operate only at liquid-helium temperatures. For both technical and economic reasons, IBM abandoned its Josephson junction project in 1983. But IBM Physicist Sadeq Faris quit the company, ob-

tained licenses for the technology and formed Hypres, Inc., which has begun marketing its first Josephson junction product—a high-speed oscilloscope. Says Faris: "The new materials are at a primitive stage, but we're anxious to exploit them to bring down costs and improve speed." Since switches are a limiting factor in computer speed, an economical Josephson junction could prove invaluable.

At Westinghouse, scientists are working on the idea of using superconductors for electric-power production. Today's nonsuperconducting generators produce electricity by spinning wire-wrapped rotors in a magnetic field; their output is typically some 300 megawatts a generator. If the field were generated even by conventional superconducting electromagnets, says Research Director John Hulm, the output could be doubled. The benefits would be even greater with high-temperature superconductors.

And then there are the daydreams: giant underground loops of superconduct-



Magnetic-resonance cross section of soft tissues in an adult's head

Smaller, less expensive, more powerful medical imaging machines.

fusion. But superconducting magnets, especially warm-temperature ones, could produce more intense fields at less expense and thus could "help make fusion power possible and practical," says Harold Furth, director of Princeton University's Plasma Physics Laboratory.

In medicine, superconducting magnets are at the heart of magnetic resonance-imaging machines. The magnets' powerful fields first align the atoms of the body. Then a pulse of radio waves knocks them momentarily out of alignment. When the atoms return to their previous attitudes, they emit radiation that produces detailed images of the body's soft tissues. MRI machines in use today are enormous (6 ft. by 8 ft. by 10 ft.), largely because of the more than \$100,000 worth of bulky insulation required to preserve the liquid helium coolant, which costs an additional \$30,000 annually. The improved economics of the new superconductors, says Walter Robb, of General Electric's Research and Develop-

SSC: Lord of the Rings

When President Reagan formally endorsed the superconducting supercollider (SSC) last January, it seemed likely that the \$4.4 billion, 53-mile-circumference particle accelerator would be completed on schedule in 1996. But the recent breakthroughs in superconductivity have raised some questions about the 10,000 powerful magnets needed to keep streams of protons on course as they speed around the huge ring.

Should SSC designers move ahead with plans to use conventional, low-temperature superconducting magnets, known quantities that are already in place and operating at Fermilab's Tevatron accelerator in Batavia, Ill.? Or should they hold off indefinitely, awaiting development of the new high-temperature superconducting variety, which may someday be able to generate even stronger magnetic fields at less cost?

Some scientists, particularly those opposed to the SSC for other reasons, have expressed concern that the rapid developments in superconductivity could warrant a redesign of the accelerator. "It might be possible to shrink the radius down to ten miles," says Cornell Physicist James Krumhansl, president-elect of the American Physical Society. "What I say is, let's put the matter into one more year of research and development and review it next year."

Still, it is not at all certain that the new ceramic superconductors will ever be capable of carrying the high electric currents necessary for generating strong magnetic fields. And no one has yet fashioned the inherently brittle material into a wire flexible enough to be wound into effective coils, though many research groups have reported progress. Says Burton Richter, director of the Stanford Linear Accelerator Center: "It took 25 years to turn the present superconductors from a laboratory curiosity into something that could be made into miles of cable. These are even more difficult materials to work with."

Leon Lederman, director of Fermilab, agrees. "Even if, miracle of miracles, in the next two years they solve all the problems of brittleness and high current," he says, "we would still need lots of experience to understand the materials well enough to make good magnets. A superconducting accelerator magnet is a Swiss watch of precision." One problem: superconducting magnetic fields are so strong they can actually deform the accelerator magnets that produce them. While physicists have learned to deal with that phenomenon at Fermilab, they have no idea how to handle fields that could be many times as strong.

Proponents of delay, Lederman charges, are more concerned about the tremendous cost of the SSC, which they think will siphon federal funds away from other branches of science: "They see the new superconductors as a weapon with which to slay the SSC."

Krumhansl excludes himself from that category. "It would be wrong to say I'm against the SSC," he says. "It's great scientifically. In fact, it's mind blowing. The problem is that over the past five years there has been a slow starvation of what I call 'small science.' I say first get small science in good shape, and then by all means proceed with the SSC."



ing cable that can store vast amounts of electricity for later use; cars that run on tiny, powerful electric motors, drawing current from superconducting storage devices. But even the daydreams are taken at least somewhat seriously. At Ford, for example, a study group has been assembled to rethink the feasibility of the electric car in light of the recent advances in superconductivity. Says IBM Physicist John Baglin: "The question is not 'How can we take this material and do something everyone has wanted to do?' but 'How can we do something that no one has yet imagined?'" Some tongue-in-cheek suggestions overheard at a superconductor meeting: superconducting ballroom floors and rinks that would enable dancers and skaters literally to float through their motions.

All the applications, though, depend on bringing the technology out of the lab, and despite the bubbly confidence of many scientists, obstacles remain. One is the need to form the new materials into usable shapes. While metals bend, anyone who has dropped a dinner plate knows that ceramics do not. And a flexible material has a big advantage over a brittle one if it is to be coiled around an electromagnet. Says Osamu Horigami, chief researcher at Toshiba's Energy Science and Technology Laboratory: "To get a magnet or coil or even a wire we could use with complete confidence could take another five years." Agrees Hulm: "It will take extraordinary engineering to solve the brittleness problem."

IBM scientists may already have a partial answer: they announced last week that the new compounds can be "spray-painted" onto complex forms, where they solidify. Says IBM Scientist Jerome Cuomo, who described the technique at the American Ceramic Society conference in Pittsburgh: "This opens the door wider than ever to the fabrication of useful objects made of superconducting materials."

More fundamental is the fact that while the new ceramics remain superconductors at high temperatures and can withstand intense magnetic fields, they can as yet carry only about a hundredth of the current capacity of conventional superconductors. And because the amount of current flowing through the magnetic field determines its strength, scientists are concerned that a quick fix may not be in sight. Warns GE's Robb: "What we need now is a second invention that would modify copper oxides to allow high currents to flow at high temperatures. There's a fifty-fifty chance that second invention will ever be made."

Finally, there is a human problem that could hinder progress in the suddenly vigorous field of superconductivity: the increasing unwillingness of scientists to exchange information about their experiments. At the Woodstock of physics meeting, for example, some were miffed when Stanford researchers, following their presentation, refused to divulge further details of their research; they had been advised by patent attorneys to reveal

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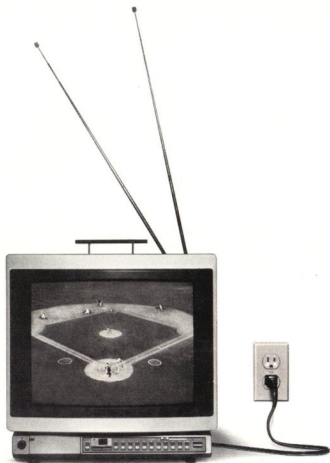
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Science

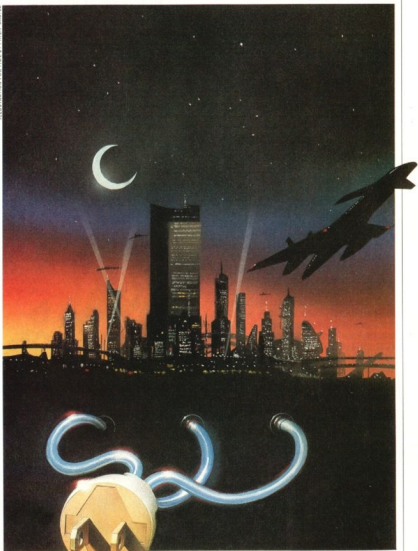
as little as possible until their work was legally protected. The competition extends beyond legal rights. Two weeks after Chu's record-breaking temperature was announced, the Berkeley team independently came up with the same superconducting compound. They immediately mailed a report of their results to *Physics Letters*, hoping it would be received before Chu's paper was published. Reason: they wanted to establish that they had not merely copied his work.

Still, there are hints that some of the physical barriers, at least, are starting to fall. At the March meeting, scientists were already showing rings and flexible tapes made of high-temperature superconductors; by the end of the month, teams at IBM, Bell Labs, Toshiba, Argonne and a handful of other places were developing wire-thin ceramic rods. Says Toshiba's Horigami: "We weren't even sure this was possible. When we finally had a wire that could potentially be coiled, there was absolutely no way to measure our sense of triumph." Argonne Ceramist Roger Poeppel now talks of building a furnace ten feet long to fire his group's wire almost continuously as it is extruded. "We think it will be flexible enough to twist into cable," he says, "and cable is the building block for magnetic coils and electrical transmission lines. With two miles of wire, we'll make a superconducting magnet. To get a practical device is now the race."

Later, in April, scientists at Stanford and IBM announced that they had made thin films of the new substances, important for computer applications. The spotlight then shifted to IBM Researchers Robert Laibowitz and Roger Koch, who reported that they had made their own thin film into a working gadget called a SQUID (for superconducting quantum interference device). Such tools are already used in low-temperature versions to measure extremely faint magnetic fields. They are also employed by physicists in the search for elusive gravity waves and magnetic monopoles, predicted by some theories but not yet observed. Medical researchers use SQUIDS to detect the minute fields generated by electrical activity within the brain. High-temperature SQUIDS should make all these searches a little easier.

Other scientists are seeking a better understanding of why the ceramics become superconductors. Many labs have taken pictures of the materials with electron microscopes, pulsed beams of neutrons, X rays and ultrasound. A team of Bell Labs and Arizona State scientists has produced electron-microscope photographs that show defects in the compound's crystalline structure. Says Team Leader Abbas Ourmazd: "We don't quite understand what role the defects play, but it raises some provocative questions. Is it

ILLUSTRATION FOR TIME BY PAUL GASTYER



Electricity for an entire metropolis could be funneled through a handful of superconducting cables

the perfect material that is superconducting? Or is it the defects? If it turns out that it is the defects, then we will want to control them and increase their density and put them in intentionally."

Most intriguing of all are reports that the temperature record set by Chu and since matched by dozens of other researchers has already been surpassed. Some physicists have even reported superconductivity-related effects—though not true superconductivity—at the torrid heights of 240 K, or -27°F , which is warmer than many wintry nights in North Dakota.

Those results suggest an intriguing possibility. Says Bell Labs' Penzias: "Transition temperatures have increased by a factor of four in the past year. If temperatures are raised by another factor of four in the same period of time, we'll have

room-temperature superconductors in less than a year." Adds IBM's Praveen Chaudhri: "All the mental barriers are gone. No one is asking how high it will go anymore." If room-temperature superconductivity is achieved, whether in a year or in a score of years, its impact will be incalculable. The need for refrigerators and insulation, even for liquid nitrogen, will be gone. And the costs of this still futuristic technology could drop more dramatically than anyone expects. Says IBM's Paul Grant: "We're looking. Everyone is." Adds IBM's William Gallagher: "We shouldn't let our imaginations be constrained by things we now know about. We're just not able to imagine the things you can do."

—By Michael D. Lemonick.
Reported by Thomas McCarroll/New York, J. Madeleine Nash/Chicago and Dennis Wyss/San Francisco

Education

The Posse Stops a "Softie"

Scientists blackball a political theorist

In a December issue, *Science* magazine likened Yale Mathematician Serge Lang, a proud and contentious member of the august National Academy of Sciences, to a "sheriff of scholarship, leading a posse of academics on a hunt for error." Last week the sheriff rode again. At the NAS annual meeting in its imposing marble headquarters in Washington, the normally stately proceedings were shattered by an acrimonious debate in which Lang led a successful drive to refuse membership to a distinguished Harvard political scientist: Samuel P. Huntington, director of Harvard's Center for International Affairs and president of the American Political Science Association.

Though entry comes hard to the 1,500-member NAS, essentially an honor society that doubles as policy adviser to the Federal Government, rarely have the incumbents barred so weightily a nominee as Huntington. The main objection raised by the zealous Lang and his supporters: an allegedly specious use of mathematics in Huntington's work to quantify unquantifiable material.



For example, Lang cites a passage in the best-known of Huntington's dozen books, *Political Order in Changing Societies*, in which the ratio of aspiration to satisfaction was examined in 62 countries. "The overall correlation between frustration and instability," Huntington wrote, "was 0.50." Says Lang: "This is utter nonsense. How does Huntington measure things like social frustration? Does he have a social-frustration meter? I object to the academy's certifying as science what are merely political opinions."

Beyond such charges, what really seemed at issue was a long-standing tension in U.S. academic circles between two groups—physical, or "hard," scientists such as chemists, physicists and biologists, whose work traces cause-effect relationships and lends itself to mathematical proofs, and social, or "soft," scientists such as sociologists, psychologists and political scientists, whose work involves speculation about human motives and mixes subjective evaluation with fact. A political scientist, for example, cannot prove mathematically that Hitler's political regime was an inevitable consequence of Germany's post-World War I disarray, but he can make a pretty good case. Nevertheless, claim hard-liners,



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softies often resort to equations and logarithmic curves to try to prove such points, thereby not only confusing their own issues but also traducing the methods of pure science.

Another component in Huntington's rejection seems to have been his political loyalties, though Lang denies this. A conservative, Huntington has consulted with the Pentagon, served on the National Security Council, supported the Viet Nam War and done research underwritten by the CIA—all anathema in the liberal-leaning world of academe.

In the Washington debates, Huntington drew some vehement support, particularly among the NAS's 177 social scientists, who have been admitted since membership criteria were widened 16 years ago to provide a broader social context for counsel to the Government. One social-scientist member said in a speech, "His work is quite impressive, and he is a very fine scholar and a good scientist." After the vote, Huntington defended equations in his writings as "simply a way of summing up a complicated argument." He added, "Good Lord, any good social scien-

tist knows the things he studies are constantly changing, full of exceptions and contradictions. People are more difficult to study than atoms."

Several NAS members faulted Lang, 59, for violating the traditional probity of the academy's proceedings. Says Nobel Laureate Herbert Simon, professor of computer science and psychology at Carnegie-Mellon University (and a Hunting-

ton backer): "In my 20 years in the academy, I've never seen a member who felt it necessary to start such a public fracas." Since winning a postponement of Huntington's initial 1986 nomination, Lang has fired off three anti-Huntington mailings to the full membership. "Just imagine," says NAS Member Julian Wolpert, professor of geography at Princeton's Woodrow Wilson School of Public and International Affairs, "if we could get all that letter-writing energy into a campaign against Gaddafi, say, or for human rights. I wish he'd pick his causes better."

Nevertheless, at least a third of the 527 members meeting in Washington (the proportion needed to bar an election) seem to have been swayed by Lang's underlying argument that social scientists, however eminent, may not belong to the NAS and perhaps should form an academy of their own. Says one physical scientist: "It's not enough to be excellent. One has to meet the norms of science as well." But that view leaves wide open the question of who, inside the NAS or out, ought to define those norms. —By Ezra Bowen, Reported by Robert Ajemian/Boston

A New Kind Of Tiger

"The people of Princeton are going to have a lot of work to do," remarked University of Michigan Regent Thomas Roach last week. His comment came on hearing that Michigan President Harold Shapiro, renowned for his 15-hour workdays, would succeed William Bowen next January as Princeton's 18th president. An economist by training (Ph.D., Princeton '64) and a genial if demanding manager by reputa-

tion, Shapiro, 51, lifted Michigan in seven years from financial crisis to a prosperous institution loaded with new research facilities. Although guarded about an agenda for his new job, Shapiro, who will be Princeton's first Jewish president as well as the first president in 120 years to be chosen from outside its faculty, cites minority enrollment and a richer core curriculum as general concerns. His first task, says Shapiro, is "to listen to students, faculty and alumni." He adds, "I hope I will get wiser as I begin to develop ideas with the faculty and others."



Shapiro



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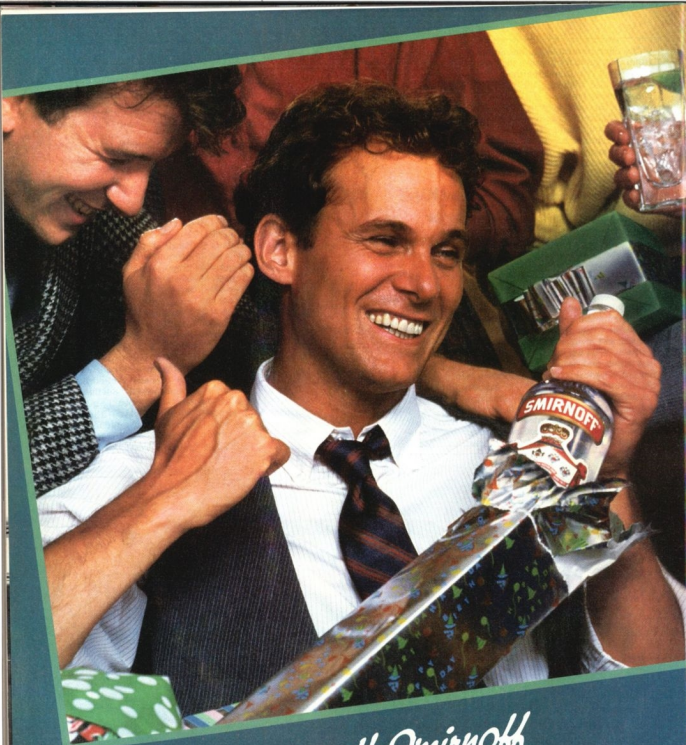
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Living

The Whole World Goes Pandas

Two Chinese ambassadors receive cheers in the Bronx

He had good news for New Yorkers, Mayor Edward Koch said last week: taxes were being reduced, and the police department was being enlarged. "But the single thing people will care about," he added, "is that the pandas have come to town." How right he was. Last Thursday morning, as a gong was sounded and a comely female named Yong Yong waddled into her enclosure at the Bronx Zoo, New York City was gripped with that well-known but incurable fever: *pandamania*.

WELCOME TO NEW YORK, PANDAS, said a handmade sign held up by one of several dozen waiting schoolchildren. HELLO, LING LING AND YONG YONG, said another. And even more to the point: NEW YORK IS THE PANDAS! Before Ling Ling (Ringing Bell), the male half of the team, and Yong Yong (Forever and Ever) go home at the end of October—they are on loan from the Peking Zoo for only six months—an estimated 2 million people (2,000 an hour) will have seen and no doubt fallen in love with them. "There's something special about pandas," says Koch. "They bring people back to their childhood."

Even the meanest people, those who kick dogs, throw bottles at cats and step on robins' eggs, get teary-eyed and putty-legged when they see a panda rolling around on its ample posterior, twisting its puffy body into a seemingly impossible position, or eating an apple—nothing more exotic than an apple—with its handlike paw. "I can't think of any animal that compares," says William Conway, director of the New York Zoological Society. "People love penguins, but the interest in pandas is extraordinary. There appears to be an innate response of, 'Oh, isn't it cute?'"

At the seven zoos outside China in which they have taken up permanent residence, pandas are always the top act. If the adults cause a stir, their babies cause chaos. When Tokyo's Ueno Zoo had a blessed event last year, 270,000 people suggested names for the little cub. Tong Tong (Child) was the eventual choice, and 13,000 stood in line for the first glimpse of that particular child. Another 200,000 a day called the "Dial-a-Panda" hot line to hear him squealing.

In Washington, the only U.S. city that has pandas on



Yong Yong testing the furniture in her expensive New York digs

permanent exhibit, schoolchildren send them yearly valentines. When the female (also named Ling Ling) fell ill in 1982, she received thousands of get-well cards; some admirers tearfully called for the latest word on her condition. China lent a pair to the Los Angeles Zoo in conjunction with the 1984 Olympics; attendance more than doubled, and *pandamania* endured three-hour waits. San Francisco's zoo, where the couple went next, saw attendance jump 50%.

But Ling Ling, Yong Yong and the other actors in what might be called China's Traveling Panda Act—two more will be lent to the Netherlands' Beekse Bergen park this month—are meant to do more than entertain. Pandas also carry a message: they are an endangered species with a bleak future. Only a few, 700 or so, still roam the mountains of central China, and there are not enough in zoos to ensure their survival.

Like most other endangered species, the pandas are a victim of what Conway terms the "inexorable increase in human beings." Chinese farmers have chopped down many of the bamboo stands that once fed them, and the pandas have been forced to ever higher ground and smaller spaces. But bamboo is not very nutritious (90% is water), and pandas must eat as much as 40 lbs. a day to maintain their cuddly look. Actually, they love meat, but nature has made them too slow to catch anything worth nibbling on. So they are

left with bamboo, which moves only with the wind.

The hapless animals are also bedeviled by what many other species—rabbits, for instance—would consider an unhappy sex life. Solitary by nature, they rarely enjoy one another's company. During their stay in New York, for instance, Ling Ling, who at 1½ is too young for mating anyway, will never be allowed out at the same time as the six-year-old, heavier (187 lbs., vs. 119 lbs.) and presumably more aggressive Yong Yong.

One answer to the pandas' plight is obvious: the Chinese should give them more space and more bamboo. In recent years the Chinese, with considerable financial help from panda lovers worldwide, have tried to do that. They have set aside twelve reserves that have different varieties of bamboo; if one kind dies out, the pandas will not starve to death, as at least 138 did during a major bamboo famine in the mid-'70s. Indeed, Conway, whose zoo has taken a lead in preserving endangered species, gives the Chinese high marks. "They're spending more effort on pandas than the U.S. is on grizzly bears, which are even rarer in the Lower 48 states," he says. "They're an example to us."

But high marks may not be good enough. Unless reserves are made larger, he says, and connected so that their denizens can move from one to another, "the demise of the panda is predictable." He adds, "There are probably fewer pandas extant than there are Rembrandts. We ought to give them at least as much reverence as we give the works of man." The crowds cheering them on at the Bronx Zoo last week seemed to be doing just that. —By Gerald Clarke



Ling Ling

Schoolchildren greeting the furry visitors



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Art



Helm's *Night Window*, 1986: refined craft conjoined with a post-Magrittean sensibility

Navigating a Cultural Trough

For a change, the Whitney Biennial is not too bad

The Whitney Biennial, the show critics (and others) love to hate, is here again. Its significance as an event lies in the fact that it is still the only large survey of current American art regularly held by a U.S. museum, namely the Whitney Museum of American Art in New York City. Hence, given the absurdly overcrowded art world of the late '80s, with thousands of artists, dealers and collectors jostling for visibility (the Whitney's curators guess at an American artist population of more than 200,000, but this figure may be low), the show excites much the same passions as the salon exhibitions of the late 19th century.

In the process, its power as a trend-setter is always overestimated. The 1985 Biennial was laden with East Village, post-graffiti kitsch by Kenny Scharf and others—gaudy ephemerals who, instead of going on to further heights of success as a result of their inclusion, have shriveled in the hot wind of fashion that blew them into the Whitney in the first place. Undoubtedly, 1985 marked the nadir of the Biennial's reputation; it was the worst in memory.

The 1987 version is in some ways among the best. One contemplated its arrival with glumness and rancor, and one was wrong. It is still a show with marked ideological prejudices. Clearly, the Whitney curators resist realist painting, and their promotion of media-based conceptual imagery over more directly pictorial forms of intelligence verges on intellectual snobbery (for example, Richard Prince's boringly generic reflections on photo reproduction, or Bruce Nauman's neon pieces, or Barbara Kruger's snootily virtuous samplers bearing such commonplaces as

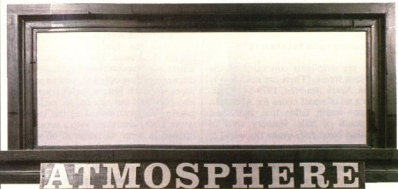
I SHOP THEREFORE I AM). But no one could accuse it of the air-headedness that marked its immediate predecessor. This is a tighter, more conservative Biennial, attentive to the internal rhymes of current art and to the cross relations between artists. What we have is an Alexandrian fallback—a sense of the basically academic nature of most "advanced" American art, its recoil from making big parodies of invention, its desire to navigate honorably in a cultural trough whose sides are lined with art fans.

The scene cools and contracts. The show records a long-due disenchantment with the lumpy rhetoric of neoexpressionism, the hot ticket of the early '80s. The American confusion between size and scale remains. There may be a lesson in the fact that Richard Tuttle's three tiny, delectable pieces made of painted cardboard, scraps of wood and bits of twisted wire "carry" every bit as sharply as Judy Pfaff's

enormous mural, which looks like a vastly inflated Frank Stella made of patio furniture. But at least the stage props of Deep Authenticity are less wearisomely apparent in this show than they used to be. The sound of breaking plates is distant, like the hunter's horn in *Giselle*: though Julian Schnabel, on the evidence of a work like *Mimi*, 1986, is as wretched a draftsman as ever, at least he spares us more of those ugly crusts of pottery, paint and stickum.

Predictably, in view of the vast hype and flurry over it last fall, the "neo-geo" work of Peter Halley, Jeff Koons and Philip Taaffe is heavily represented. Yet it looks circumspect, almost prim, for all its polemical blatancy—art that gets its theoretical ducks in a line but cannot come up with a genuinely engrossing idea or any feeling deeper than self-satisfaction. The one exception to this is Koons' *Rabbit*, 1986, a glittering stainless-steel cast of an inflatable dime-store bunny, indubitably awful in the mocking pedantry with which squishiness is transposed into hard, heavy metal. As a one-liner it is not bad at all, though it hardly deserves to be treated—as Koons' sculpture seems to be in some quarters—as the biggest subject for exegesis since Jasper Johns' bronze beer cans. His floating basketballs in tanks of water are just high school science projects and have no aesthetic dimension. Halley's abstracts, which look like simplified Picabias based on computer chips and bear tough pseudo engineering titles like *Two Cells with Circulating Conduit*, 1985, are coarse late minimalism, pictorially inert to the max. Maybe collectors get scared into submission by the post-structural art jargon in which they come wrapped.

The pleasures of the show, however, are very distinct. Though sculpture once more plays second fiddle to painting (it is a pity that, to take one name almost at random, the beautifully intelligent work of Joel Fisher was not included), there are new and disquieting marble carvings by that admirable veteran Louise Bourgeois, and two fascinating pieces by Robert Lobe. Lobe's initial idea seems fairly dotty: to go out into the forest with aluminum sheets,

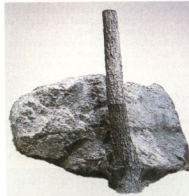


A rectangle of sky attains purity and brilliance in Jenney's *Atmosphere*, 1975-85

look for a large rock and a tree, and then ball-peen and panel-beat the metal until it conforms in shape and texture to the natural objects beneath. The tarnished silvery-gray "presences" that result, such as *Facial Structure*, 1986, are huge and haunting, as though the immobile landscape had shed its skin like a molting snake.

Equally vivid and subtle reactions to nature in this Biennial's paintings are uncommon. One may as well pass in silence over the only painted nudes on view, in an archly pederastic illustration by David McDermott and Peter McGough titled *Rub-a-Dub-Dub . . . Three Boys . . . and One Tub*, 1937, 1986. Donald Sultan's laboriously processed streetscapes with smokestacks and burning buildings now look vacantly stylish, a mere shuffling of emblems. But Terry Winters, whose work provided one of the few moments of genuine aesthetic relief in the 1985 Biennial, is well represented again with his creamily painted images of spores and fossils; and there are some intriguing works by a relative newcomer from the state of Washington, Robert Helm, who conjoins a post-Magrittean sensibility to an extreme refinement of craft. One needs to look twice before realizing that the posts and bridge planks that support the sinister bullieries in Helm's *Night Window*, 1986, are real inlaid wood and not trompe-l'œil painting.

Best of all, there are two admirable pieces by Neil Jenney. Jenney's essential subject is the perilous balance and impending decay of the sense of "sublime" landscape that lies at the heart of American reactions to nature. He can give a rectangle of sky, as in *Atmosphere*, 1975-85, such purity and brilliance of light that you wonder



Lobe's haunting *Facial Structure*, 1986

if there are striplights concealed in the heavy black frame. (There are not.) In *Venus from North America*, 1979-87, he assembles a set of visual nouns for American landscape—water, fallen tree, bulrushes, rocks, notch of hills, feathery slats of cloud—that beautifully evoke the world of the American luminists while conveying an oracular sense of its vulnerability.

In sum, one could not call this a particularly controversial show. But that is a relief, and it is good to see the Biennial back on some kind of track. —By Robert Hughes

Theater



Black-widow-spider courtship: Duncan as a malign marquise, Rickman as a highborn roué

A Roundelay of Deadly Conquests

LES LIAISONS DANGEREUSES by Christopher Hampton

Love is not an easy game to play, particularly when the jousters cannot decide whether they seek passion or dispassion, rapturous attachment or jaded detachment. In the megalomaniacal gambit of *Les Liaisons Dangereuses*, a glittering epistolary novel by Choderlos de Laclos set on the eve of revolution in 18th-century France, the only thing more dangerous than a seducer's assailing a person of virtue is the seducer's somehow falling in love: the conflict between the rakehell's manipulative pride and his newly vulnerable passion ignites everything in its path, leaving him and his partners burned-out husks, dead or wishing they were. A novel of letters is not easily transmuted into a cinematic montage of stage action. Yet *Les Liaisons* has been adapted into an equally brilliant and witty tragedy of manners by Christopher Hampton (*The Philanthropist*, *Total Eclipse*) for Britain's Royal Shakespeare Company. The R.S.C. staging, which won the 1986 Olivier award for best play, the West End's equivalent of the Tony, has been imported intact. Last week it set Broadway ablaze.

From the first glimpse the show speaks in portents. The chief piece of furniture is a preposterously tall highboy, its drawers spilling out cloth and papers and ropes of pearls just as the characters are about to spill out secrets, its surface appearing as unvarnished as the truths to come. Every character with a sexual life is dressed in some variation of off-white—and looks cool, stylish and slightly soiled. Two ornate sofas are shrouded with crumpled, much used sheets: this is a world of ceaseless, unsatisfying copulation. Although the sides of the stage are heaped with the bric-a-brac of elegance—

candelabra, statuary, flowers—the characters seem more at home with simple louvered screens, behind which they peep and eavesdrop. The dialogue is fittingly brittle and epigrammatic. "When it comes to marriage," a much traveled woman says, "one man is as good as the next; and even the least accommodating is less trouble than a mother."

The central figures in this roundelay are a bewitchingly malign marquise (Lindsay Duncan), a good woman tempted to self-betrayal by love (Suzanne Burden), a virgin eager to surrender to ecstasy (Beatrice Edney) and the highborn roué who is their sequential wooer (Alan Rickman). The essence of the roué's sexual appeal is a chilly, offhand disinterest. Neither kind nor attentive nor particularly virile, he does not so much inspire devotion as command it; he does not so much arouse ardor as compel his victims to confront their suppressed sexuality. He believes all virtue is fraud, and he delights in destroying women by making them believe so too. He has only one love, the marquise, and she is less a companion than a rival. Rickman and Duncan are at once captivating and appalling. Theirs is a black-widow-spider courting ritual of conquests and abrupt abandonments.

But these creatures are not immune to their own venom. Howard Davies' direction, unobtrusive until the marquise declares war on her erstwhile sparring partner, fills the play's final minutes with haze and glare and an eerie, slow-motion duel. The end brings wholly unanticipated griefs to the apparent survivors. Yet there is no comforting afterglow of justice or even vengeance—only the acrid residue of wanton agony. —By William A. Henry III

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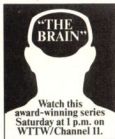
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Books

Among Marvelous Ants and Bees

PRIVATE DOMAIN by Paul Taylor; Knopf; 371 pages; \$22.95

Paul Taylor burst upon the dance world in 1957, but not quite in the way he had hoped. At 27 he was a member of Martha Graham's troupe and already experimenting on his own. Specifically he was trying to strip away the "dancerly" elements in the modern style, to get down to the basics. He and his hardworking group of three performed the results at the YM-YWHA in Manhattan, and a few weeks later Louis Horst in the influential *Dance Observer* weighed in with the definitive review: four inches of blank space followed by the author's initials.

Thirty years later the master choreographer still glowers in behalf of the novice he once was: "The review wasn't even very long," he fumes. But the showman in Taylor is able to put it in perspective. "There is," he remembers, "what no amount of paid advertising could have brought—immediate notoriety." The two coexisting reactions—of the egocentric artist and the canny producer—reveal a true man of the theater, and in *Private Domain* Taylor has written one of the best and most candid theater books to appear in a long time.

There have been several dance autobiographies recently, many of them extolling or punishing George Balanchine along the way, but none is as intelligent or funny or shrewd as this one. Taylor's insights on fellow artists—Graham, Balanchine, Robert Rauschenberg—are unusually trenchant and fresh. The book is blessedly free of the cleaned-up quality that such memoirs often have, which inevitably makes the childhood chapters the only interesting, trustworthy ones. Talk about warts and all! For readers who want to hear about pressures and strains on the professional dancer—the drugs, the drink, the penury—they are all here, far more eloquently stated than in the lurid confessions of Gelsey Kirkland's *Dancing on My Grave*.

Today Taylor is probably America's greatest living choreographer. He has received most of the major awards, including a MacArthur "genius grant." He has a town house in Green-

wich Village. But before the adulation and creature comforts came decades of very hard scrambling. He was born near Pittsburgh in the depths of the Depression, and his parents separated when he was a small boy. Mama was too busy managing hotel dining rooms to spend much time with her son. Still, he recalls, "I don't remember ever being lonely—I had health, privacy, and a mother I was wild about." Early on he recognized the "beautiful curse" of solitude, "the one without which I doubt all other patterns would have grown."

Taylor discovered his vocation while at Syracuse on a swimming scholarship. It came as an inexplicable flash, "telling me that I'm to become a dancer—not any old dancer, but one of the best." The flash was tardy; college is dangerously late to start

serious dance training. But Taylor worked on technique, pushing his "instrument"—as modern dancers like to call their bodies—ruthlessly, and he was soon studying with the likes of Graham and José Limón. Graham became a powerful influence. Much to Taylor's approval, she called her instrument the "bodaah," and he was transfixed by her witchy pronouncements and "oracular eyes."

From Balanchine to Merce Cunningham, choreographers invited Taylor to join their groups. For six years he danced mostly with Graham but in 1961 went on his own for good. A foe of ballet's artifice, he was inspired by the city's population: "They are standing, squatting, sitting everywhere like marvelous ants or bees, and their moves and stillnesses are ABCs that if given a proper format could define dance in a new way." Now his privations really began, and he records them with deep feeling and baleful gusto. Home was usually a wretched flat, cold water or no water. One chapter starts off with "snow sifting gently through the roof." In extremis he ate dog food.

Most of all he toured. If every choreographer's dream is a company of his own, the frustration of touring is the exhausting price to be paid. Heaven knows the beautiful curse of solitude is lifted. There are six seats on the train for seven weary bodaahs. Curtains, stagehands, producers are all nonfunctioning. Taylor is terrified that he won't have enough money to pay for tickets home. He constantly feels insufficient as a leader and fearful that his dancers are bumptious slobes. He even cuts one of his men's hair at an airport. The dancers give as good as they get. At one acrimonious dinner in Spoleto, Italy, they accuse him of cheating at cards. He is appalled. Yet they are loyal: no Taylor dancer ever departs to join a rival company, and one gain comes out of all the strife: "onstage togetherness—a tribal unity that all audiences notice right off."

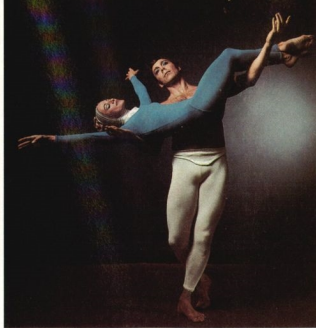
Taylor says he has never hired a dancer who did not appeal to "something warm" inside him. But there are frosty spots: Bettie de Jong ("picture a lovely red dancing") is closest to him, but at times his feelings for her "are like a furry noose which slowly tightens around my neck." He admires the young Twyla Tharp's "magnificent" ambi-

Excerpt

“Keep away, keep building your creaky fairy castles, keep cloning clones and meaningless manners, hang on to your beanstalk ballerinas and their midget male shadows, run yourself out of business with your froufrou and costly clattery toe shoes that ruin all chances for illusions of lightness, keep on crowding the minds of balletomanes who prefer dainty poses to the eloquent strength of momentum.

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Performing with Eileen Cropley in *Churchyard* (1969)

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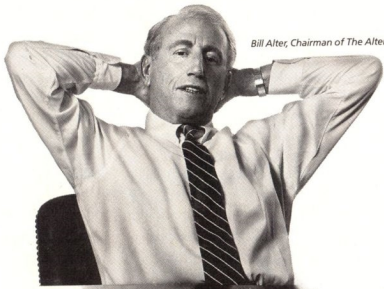
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tion, but simmers when she disparages his work to London critics. With what must be unprecedented honesty he says he gave Dan Wagoner little solos in *Aureole* to keep him interested without handing him a fat part. Wagoner, Tharp, Senta Driver and Laura Dean all left Taylor to start successful troupes of their own. He is rueful: "They look to me for direction—want tugs from their puppeteer boss—and then snip the strings . . . competing with the great guy who first hired them. The nerve of it!"

Over the years the repertory builds, becoming more varied and more lyrical: State Department tours replace the bus-and-truck forays. At home Taylor's life becomes intertwined with that of a deaf-mute, George Wilson, whom he befriended in the '50s and who stays on, living nearby and helping out. About a few matters Taylor can be irritatingly coy, and one of them is sex. As a youth he could not decide whether he favored males or females ("Let's just say that I preferred to be on top"), so he sought out Graham for counsel. She told him to stop worrying about it. A few years later, after glimpsing a beautiful young man while on tour in Sri Lanka, he turned to homosexuality. But he continued to have affairs with women, always griping about the shortcomings of either arrangement. Nonetheless, through the tantrums a saving wit always comes to the rescue. After one dark rumination he cries, "What's a gender to do?"

Private Domain ends in 1974, the year Taylor stopped dancing. Though the last plays are upbeat—starting work on the exultant *Explanade*—they are preceded by a remorseless account of physical and emotional breakdown. The trouble began when Taylor started gulping Dexamy, a combination of amphetamine and tranquilizer, not knowing that it was addictive (Dexamy has since been taken off the market). In 1968 he disappeared from a tour and spent a nightmarish week in Liverpool, drunk, debauched, close to death, a Walpurgisnacht pitilessly described. A few years later his ankle, often injured, was ruined. He had ulcers. Finally he collapsed onstage in Brooklyn and came down with hepatitis. His performing career was over.

The Paul Taylor Dance Company, 18 strong these days, is now presenting a repertory in New York City that demonstrates the vast resources of this protean figure. Soon two young dancers, David Parsons and Douglas Wright, will snip their puppet strings and try to become the Paul Taylors of the '90s. They had better read this book, not only for a preview of the pitfalls ahead, but also for an insight into the nonartistic qualities that just might come in handy: guts, humor and, above all, stamina.

—By Martha Duffy

Yahweh & Sons

A HISTORY OF THE JEWS

by Paul Johnson

Harper & Row; 644 pages; \$25

Paul Johnson balefully examined the 20th century in *Modern Times* (1983). What he found in the barbaric follies of the nation-state and the quack logic of Marxism and fascism was a desecration of the rational tradition he now celebrates in *A History of the Jews*. Johnson navigates from a fixed position: that the People of the Book reasoned their way to monotheism and so invented Western thought. A thirst for first causes and a moral universe led to ethics and law that the Hebrews codified and refined in the Torah and the Talmud.

The sages were not always consistent. Johnson points out that while Yahweh, God of Abraham and Moses, was physically unimaginable, Jewish humanism is centered on a vivid Old Testament injunction: "Whoso sheddeth man's blood, by man shall his blood be shed: for in the image of God made he man."

So from the beginning this "legal-minded people" had something to argue about, although they did agree about their origins. Johnson sifts the archaeological record and concludes, as does *Genesis*, that Abraham the patriarch came from Ur, a Sumerian city excavated in the 1920s and believed to have flourished in the fourth and third millenniums B.C. Such corroborations of ancient texts by modern scholars suit the author's purpose, which is to condense legend and fact into a flowing historical narrative.

The drama of this 4,000-year story springs from what Johnson identifies as "Jewish obstinacy," the ability to persevere through centuries of persecution and assimilation. He recounts the history of Hebron, where Abraham bought land from Ephron the Hittite. He describes how the first piece of Jewish real estate has been fought over and occupied countless times, most recently by Israel after the Six-Day War, and asks, "Where are all those peoples which once held the place?" His answer: "They have vanished into time, irrevocably. But the Jews are still in Hebron."

Though tempted, Johnson is not completely seduced by the attractions of mystical determinism, the idea that Jewish experience from the Covenant through the Diaspora, the Holocaust and the Return is the expression of providential design. "We are," he writes, "credulous creatures, born to believe, and equipped with powerful imaginations which readily produce and rearrange data to suit any transcendental scheme." Abundant evidence is proffered, from Jewish false messiahs to Aryan delusions of racial supremacy.

But skepticism also leaves the author unmoved. A British journalist and former editor of the *New Statesman*, Johnson seems to have had a bellyful of bland uncertainty. Besides, the feverish riddles of Ezekiel and the prophetic agonies of Job



Paul Taylor

A man and a woman are sitting on a wooden bench outdoors. The woman is in the foreground, wearing a light blue cardigan over a white t-shirt and light-colored pants, with white Reebok sneakers. The man is sitting behind her, wearing a blue and white striped shirt and dark blue jeans, also wearing white Reebok sneakers. A golden retriever is sitting to the left of the woman, looking towards the camera. The background shows a wooden fence and some foliage.

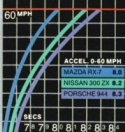
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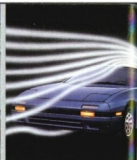
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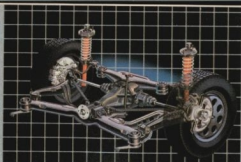
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Books

make better copy than the *Tractatus* of Spinoza. Johnson singles out the 17th-century philosopher as the sort of non-Jewish Jew who sacrifices the soul of rationalism to cold logic. He quotes Soviet Writer Isaac Babel's self-mocking definition of a Jewish intellectual ("a man with spectacles on his nose and autumn in his heart") and brands Marx and Freud pseudo scientists.

Johnson is more impressive as a journalist than as a polemicist. He has digested and organized a staggering amount of complex information without neglecting the anecdotes and tidbits that revive a reader's attention span. The word Hebrew, for example, is believed to have been derived from the ancient Egyptian *Habiru*, a derisive name for a group that often made its living as itinerant tinkers and peddlers. But are their descendants the Chosen People?



Paul Johnson

As a Semitophile, Johnson would like to think so. But as a Christian, he heads for an existential exit: "The Jews believed they were a special people with such unanimity and passion, and over so long a span, that they became one."

A visit to the Shrine of the Book in Jerusalem should dispel any doubt. There you can practically put your nose into fragments of the oldest known biblical writings. The letters have flickered across the parchment for more than 2,000 years yet can be read today by any Israeli fifth-grader. That these small, dark tongues of fire remain unextinguished should astonish Jew, non-Jew and non-Jewish Jew alike.

—By R.Z. Sheppard

Examples

SKINNY ISLAND
by Louis Auchincloss
Houghton Mifflin; 230 pages; \$17.95

Author Louis Auchincloss has produced some 30 books of fiction, an impressive amount in anyone's case but even more so for a Wall Street lawyer, recently retired, who writes in his spare time. This productivity has been devoted primarily to variations on a central theme: the manners and mores of well-to-do New Yorkers, not restricted to the fabled 400 of old Manhattan society but not much exceeding a few thousand either. There are those who think this subject was pretty well exhausted by the time Henry James and Edith Wharton got through with it. Others argue that portraits of the genteel rich are beside the point in this century of the common man. Yet Auchincloss, 69, periodically turns out a book so sparkling and assured as to render such complaints irrelevant.

Skinny Island: More Tales of Manhattan offers one of those occasions. The subtitle harks back to an earlier collection, *Tales of Manhattan* (1967), but the twelve stories assembled here need no prior introductions. The book is a self-contained progression in time: the first story, *A Diary of Old New York*, occurs in 1875, and the last, *The Takeover*, sometime in the 1980s, perhaps yesterday. The pieces are not just connected chronologically and geographically but by a common concern as well: the dilemma faced by comfortable people when they must choose between honor and expediency.

In *The Wedding Guest*, for example, a turn-of-the-century young man named Griswold Norrie looks forward to his nuptials with the rich, beautiful Ione Caruthers: "He and Ione between them would be connected by blood or marriage to every family that counted in Manhattan society!" The only impediment is Griswold's determination to invite Atalanta, his paternal grandfather's widow, to the festivities. Because of her uncertain past and the general belief that she married an old man for his fortune, this woman simply cannot be received by people who matter. Griswold can have either his integrity or his bride. His potential mother-in-law tries to explain things to him: "Society is not just a question of dressing up and giving parties. It is a question of setting a moral example for the whole community."

Auchincloss gently mocks such pretensions, but he takes seriously those people who try to live by the rules. Times may change; strictures remain for the fortunate few. *No Friend*

Like a New Friend is set in the early 1960s. Frances Hamill, widow of an eminent lawyer, banker and adviser to Presidents, finds herself at a dinner party seated next to Manners Mabon, a short, fat, charming bachelor with no visible means of support. Before long, the matron and the dilettante are seen together constantly at art galleries and museums. People begin to talk, and Frances receives a painful reproach from her old friend Alice: "I thought it was important how we appeared to the world... It's not that what's inside isn't more important. Of course it is. But I thought you and I believed that our outward selves should reflect, as far as possible, the things we stand for."

All of Auchincloss's characters must struggle with this problem, one so hopelessly old-fashioned as to seem brand new. His graceful, straightforward narratives, so conventional in form, convey a rare impression: people behaving as if their actions meant something beyond the swamp of ego and the self.

—By Paul Gray



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Music

"That Road Is All Mine"

From a rough start, Little Steven shapes a fine record

It depends on what you call him. That's what tells Steven Van Zandt how long you've been a fan.

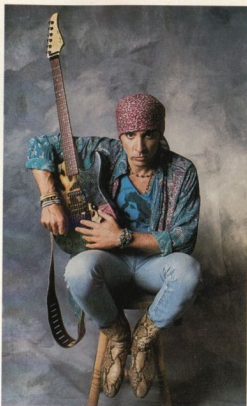
Admittedly, the flurry of nicknames, second names and stage names can get a bit confusing, especially since Van Zandt is the kind of rock star people just enjoy shouting out to. Walking around Times Square ("my office"), near his home base in Manhattan, he cuts a striking figure in fringed leather, high boots and a trademark bandanna wrapped around his head, an urban swash-buckler whose frigate just got towed away for double parking. "Hey, Miami!" yell a couple of citizens cruising by in a Chevy convertible. He waves and shouts back as the car runs a light at Broadway. "Miami," Van Zandt sighs. "That means they still know me from Bruce."

That also means they have not heard his new album yet. But after May 15, when *Freedom—No Compromise* is released by Manhattan Records, any confusion will be banished. Until then, some lingering uncertainty is understandable. Frustrating, maybe, but understandable.

Van Zandt, after all, did spend a formative and formidable nine years as Miami Steve, the driving force and antic soul man of Bruce Springsteen's E Street Band. His guitar was the band's bedrock, and his harmonies with Springsteen were communions of friendship with the audience and with Bruce. He was at Springsteen's side during the first days of major glory in the mid-'70s, when stardom broke so heavily, and he was there for the years of uncertainty and renewed triumph that followed. Van Zandt did some outside record producing during that time too, calling himself Sugar Miami Steve on one of his albums for Southside Johnny and the Asbury Jukes. By the time he officially left Springsteen in 1984, he had taken another name, Little Steven, and was trying to stand in his own light. Bruce, however, cast a heavy shadow.

Van Zandt had helped produce three of Springsteen's hottest-selling albums. Tunes he wrote for the Jukes and Gary "U.S." Bonds, like *Daddy's Come Home*, showed high-end gifts for songwriting, even though he insists, "I hate all ballads, including my own." Still, it was impossible to flourish on his own and hang in with the gang. "I felt," he says, "a more urgent necessity pulling me. Like, 'Hey, it's time to find out if you got something else to contribute here on this planet.'" *Men Without Women*, his first Little Ste-

ven album, released in 1982, was a New York song cycle about hard life on the city streets. The songs were fervent, and the Disciples of Soul blasted behind Van Zandt like a garage band concertizing on top of a pizza oven. *Voice of America*, released in 1984, was a startling change-up, an album full of impassioned and informed political songs. Neither record



Little Steven: call him by his rightful name
Bearing down hard but still boogying.

sold well, though. It took *Sun City* for Van Zandt to get a little commercial territory he could call his own.

Sun City was not only the boldest political anthem of the '80s, it was also the funkier. Besides writing the song, Van Zandt was the main man behind the album, the video and the documentary about *Sun City*, which brought hard rock together with hard facts about South African politics. *Freedom—No Compromise* continues that same tough tradition of humanist ideology and high steppin'. "The trickiest part is not to be rhetorical," Van Zandt says, "but to make the songs into an emotional, human communication."

The new album features another wizard song about South Africa, *Pretoria*, with a lovely chorus in Zulu that translates, "Life is for living—life is ours/ We will not wait—we dance forward." Like this song, *Freedom—No Compromise* has a more spacious sound. "I produced the album the way I would produce somebody else," Van Zandt says. "I stepped away from that strictly live garage thing I had done most of my life." Van Zandt's vocals on the album are more limber, his lyrics a little less insistent. With tunes like *Can't You Feel the Fire?* and *Native American* (on which he swaps vocals with a visiting guest star named Springsteen), Van Zandt has made a political record that does not stint on passion, does not let up on the conscience and does not speechify, either. It bears down hard as it boogies, but it does not weigh heavy.

"I wasn't active in the '60s," Little Steven, 36, says now. "I was just trying to make a living, fighting to get the rent paid. I was fighting my own war, because rock 'n' roll was not a take-it-for-granted business. It was a real long shot making ends meet." Born in Boston and raised on the New Jersey Shore, Van Zandt gigged in a series of bar bands with names like Steel Mill, which is where he first played with Springsteen. The music was lively, but the living was dodgy. After some gentle advice from his stepfather, Van Zandt took a highway-construction job. It was bruising all-weather work, but the "pay was phenomenal! Six dollars an hour! We repaved the Jersey Turnpike and practically built Route 287. That road is all mine."

The job lasted until a weekend football buddy announced he was putting a band together to tour the oldies circuit. Van Zandt enlisted immediately as "sound man, light man, truck driver and piano player." That band became the wellspring of the Asbury Jukes, which formed, with Van Zandt on guitar, in 1975. Later that year he hooked up with Springsteen for a hot-rod ride to rock Olympus and a decade's worth of free-form band fellowship that was, in his words, a "sort of family foundation."

Van Zandt is still strong on family ties. He and his wife Maureen frequently drive down from Manhattan to check out the folks at the Jersey Shore, and the fervor of his music comes not just from conscience, but also out of an emotional quest for a kind of familial stability within the turbulence of world politics. *Freedom—No Compromise* takes a hard stand. And one thing, anyway, is sure to follow. Pretty soon everyone will call Little Steven by his rightful name—guys in Chevy convertibles too.

—By Jay Cocke

Reported by David E. Thigpen/New York

When You Go From Cutting Figure Eights To Cutting Deals.



When they were cutting figures in U.S. Pairs Competition, they drew raves for their style. Now that JoJo Starbuck and Ken Shelley have paired up in business, nothing's changed. Their new production company, 'The Skate Source', has gained accolades from L.A. to D.C. by providing everything from ice-skating showgirls to entire ice-skating shows.

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P R E M I E R
V I S A

Sport

Days of Wine and Bloody Noses

A worthy jockey, trainer and (maybe) horse win the Derby

The "most exciting two minutes in sports" ran over this year by more than three seconds. But Alysheba and Bet Twice bumped and bobbled enough in the homestretch to make last week's garden-variety Kentucky Derby richly exciting. And every party to Alysheba's three-quarter-length victory had estimable charm.

Both Jockey Chris McCarron, 32, and Trainer Jack Van Berg, 50, are accomplished men who lacked only racing's crowning credit. McCarron felt blessed to be on any horse in any race. Last October he broke his leg four ways in a fearsome crack-up at Santa Anita, and when Alysheba commenced clipping Bet Twice's heels with three-sixteenths of a mile to go, the rider looked sure to take another fall. "I thought I was gone," he said. Somehow McCarron was still astride and suddenly even ahead. "C'mon, wire," he prayed. "Quick."

Van Berg is a second-generation "king of the claimers," whose father Marion lived by the dry motto "We make our living out of other people's mistakes." In pure numbers of victories, the son has logged eight national training championships, including in 1986. But of late the cheaper achievements have meant less to him than the classic challenges. Van Berg wept last week for his special horse and



After nearly going down, Alysheba drives for the finish line

for his late father. "There's no feeling in the world," he murmured, "like winning the Kentucky Derby."

Bloodlines ran everywhere in the race. Owner Dorothy Scharbauer and her husband Clarence have for the most part been cattle ranchers in Midland, Texas. But her father Fred Turner Jr. was a devout horse lover who had Derby Winner Tomy Lee (Bill Shoemaker's old friend) in 1959. Another return to glory amounted to an end to laughter: the breeder of Alysheba is Preston Madden of Lexington's Hamburg

Place, the hors d'oeuvres center of the bluegrass. During the first 25 years of this century, John E. Madden was known as the "wizard of the turf." He bred five Derby winners, including Sir Barton. But the grandson Preston and his flamboyant wife Anita have been famed solely as champion party throwers. This year's bash howled as usual, but the door prize the next afternoon was a little dignity restored.

Alydar felt better too. Alysheba's renowned sire, the only horse ever to finish second in all of the Triple Crown races, stands at leafy Calumet not 50 feet from his old tormentor Affirmed. Guess whose sexual favors are worth \$350,000 and who has trouble looking whom in the eye now. The bay colt Alysheba, 8-1 in the Derby, is an honest horse but has a hard time keeping to a straight course. In the Blue Grass Stakes nine days earlier, Alysheba finished first but was demoted for swerving in the stretch. Deep thinkers who drop in on this sport once a year fretted for his confidence all week until Van Berg gently pointed out, "He doesn't know he was disqualified. He thinks he won the race."

The 2-1 favorite, Demons Begone, came home with a bloody nose and a heavy heart in an ambulance. A field horse, Avies Copy, finished third. The best or the most stubborn of them will reconnoiter next week at the Preakness. Then Belmont Specialist Woody Stephens should have someone fresh waiting for the last mile and a half. The season has started.

—By Tom Callahan

Milestones

BORN. To Debra Winger, 31, feisty, soulful actress (*An Officer and a Gentleman*, *Terms of Endearment*, *Black Widow*), and her husband, Timothy Hutton, 26, Oscar-winning actor (*Ordinary People*): their first child, a son; in Los Angeles. Name: Emanuel Noah. Weight: 8 lbs. 11 oz.

EXPECTING. Kathleen Turner, 32, vampish, smoky-voiced actress (*Body Heat*, *Romancing the Stone*, *Peggy Sue Got Married*), and her husband, New York City Realtor Jay Weiss, 32: their first child.

MARRIED. Henry Anatole Grunwald, 64, editor-in-chief of Time Inc., and Louise Melhado, 45, socially prominent New York City businesswoman; he for the second time, she for the third; in Manhattan.

SEEKING DIVORCE. Steve Wozniak, 36, electronics wunderkind who with Steve Jobs founded Apple Computer in a California

garage twelve years ago, then left to start an electronics firm; and Candice Wozniak, 32, a former world-champion white-water kayaker; after six years of marriage, two children; in San Jose.

GUILTY PLEA. By Terrence P. Jackson, 44, formerly Silas Trim Bissell, charged with possessing an unregistered destructive device. A student radical accused of attempting to bomb a Reserve Officers Training Corps building at the University of Washington in 1970 to protest the Viet Nam War, he took a new name and escaped arrest for 17 years before being seized in Eugene, Ore., last January.

DIED. Ronnie DeSillers, 7, plucky youngster born with defective liver ducts who had received three liver transplants (all of which failed) and was awaiting a possible fourth; at Children's Hospital of Pittsburgh. His classmates in Fort Lauderdale had raised

\$4,000 to help pay for his first operation, but the money was stolen from the school, resulting in a nationwide donation drive inspired by President Reagan (who sent a letter and \$1,000) that netted more than \$400,000. Said Maria DeSillers of her son: "He kept on fighting."

DIED. Gus Johnson, 48, muscular, flamboyant former National Basketball Association star forward for the Baltimore (now Washington) Bullets between 1963 and 1972, best known for his backboard-shattering dunk shots and gravity-defying leaps; of brain cancer; in Akron.

DIED. Xavier Fourcade, 60, energetic, gentlemanly dealer in contemporary art whose Manhattan gallery represented such painters as Willem de Kooning, Joan Mitchell, Arshile Gorky, Barnett Newman and John Chamberlain; of pneumonia linked to AIDS; in New York City.

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Essay

Was He Normal? Human? Poor Humanity

By Elie Wiesel

The author, winner of the 1986 Nobel Peace Prize, was 15 years old when the Nazis entered his hometown of Sighet, Hungary, in 1944. Miraculously he managed to survive the death camps of Auschwitz and Buchenwald, and at war's end he became a journalist in Paris. He would not speak out about the unspeakable for ten years. When that self-imposed vow of silence ended, he devoted

his life to writing and talking, with rare eloquence and power, about the despair of the past and the concerns of the present. Now a U.S. citizen, Wiesel, 56, has written some 30 books and is widely acknowledged, in the words of the Nobel committee chairman, as a "messenger to mankind." Later this month he will testify in the case of The State of France v. Klaus Barbie.

I remember the nearsighted, balding man in his glass cage in Jerusalem. During the April-to-December trial in 1961, I listened to witness how words and silences contained the tormented memory of an entire people. Yet I was not watching them. Most of the time I was watching the defendant. It was to see him that I had come to Israel, anxious to find out for myself if he was human, if there was any humanity in him. I had hoped to find myself in the presence of a disfigured creature, a monster whose unspeakable crimes would be clearly legible in his three-eyed face. I was disappointed: Adolf Eichmann seemed quite normal, a man like other men—he slept well, ate with good appetite, deliberated coolly, expressed himself clearly and was able to smile when he had to. The architect of the Final Solution was banal, just as Hannah Arendt had said.

Will the same now be said of Klaus Barbie, who was less important but whose work was no less cruel? Barbie's trial is bound to attract worldwide attention. People are already saying this will be the last great courtroom drama to result from the Holocaust. They may be right.

For even behind bars, Barbie throws a long shadow. From the day of his capture, there were whispers that retribution could bring political catastrophe: the prisoner knows too much about too many. His lawyer is Jacques Vergès, most recently the defender of the Arab terrorist Georges Ibrahim Abdallah, sentenced last February to life imprisonment by a French tribunal for complicity in the killings of two diplomats, one of them an American, and in the attempted murder of a third. With Vergès' help, Barbie is quite capable of turning the tables, of forcing a trial of France under the Occupation.

But despite these fears, there will be a Judgment Day. The official examination of Klaus Barbie begins on May 11 in Lyons, France. No one knows how the story will end. But we know now how it all began.

Barbie, who grew up in Trier, a small town in Germany, and dreamed of becoming a minister, first arrived in Lyons at the age of 28. He was assigned the task of fighting the Resistance and getting rid of the Jews. The young, dedicated Nazi excelled at his job. He is accused of having executed 4,000 people and deported 7,500 Jews. His career grew so bloodstained that he was dubbed the "Butcher of Lyons." Yet only a fragment of that past will be weighed in the deliberations: the accusation is primarily concerned with the 44 Jew-



Klaus Barbie, circa 1940

ish children who, along with their guardians, were arrested on his orders in the village of Izieu and then sent to the gas chambers of Auschwitz.

How can Barbie justify what was done to the children of Izieu? Here, the proofs of his crimes are beyond dispute: the Nazi hunters Beate and Serge Klarsfeld, the best known of his pursuers, have turned up a striking document: "This morning, the Jewish children's home, 'Children's Colony,' at Izieu has been removed. 41 children in all, aged 3 to 13, have been captured. Beyond that, the arrest of all the Jewish personnel has taken place, namely 10 individuals, among them 5 women. It was not possible to secure any money or other valuables. Transportation to Drancy will take place on 4/7/44." The arrest order is signed in the name of Klaus Barbie.

This trial represents an extraordinary victory for Beate Klarsfeld, who, as it happens, was born and raised in Germany. A victory over the forgetfulness, the willingness to compromise, the indifference that an overly politicized world has shown for too long toward escaped SS killers. A victory too over the governments that helped Barbie. It was the Klarsfelds who picked up his trail—he had disappeared for almost 40 years into the identity of a prosperous and peaceful businessman named Klaus Altmann living in Bolivia. They were the ones who managed to persuade François Mitterrand's Socialist government to act, to induce the Bolivian government to expel "Altmann" so that he could be returned to the country of his crimes.

The former head of the Gestapo at Lyons re-entered France on Feb. 5, 1983. On orders from Minister of Justice Robert Badinter, he was locked in the same Montluc prison where his own victims had been subjected to maltreatment and torture. It is said he spent his first night in the very cell Badinter's father occupied before he was deported to Auschwitz, never to return.

How had Barbie eluded prosecution, not to say detection, for so long? For one thing, he had collaborated with the American Counter Intelligence Corps in postwar Europe, supplying information about Communist activities in Germany and Austria. The services of the CIC made it possible for him to flee to South America. (Most ironically, it was a young Jewish officer, 23-year-old Leo Hecht, who was ordered to provide him with his false travel documents.) For another, he had powerful friends throughout Europe. It is known that an international network ex-



The children of Izieu in the summer of 1943



Nazi officers supervise the arrival of prisoners at Auschwitz concentration camp in 1944

isted after World War II to aid war criminals. No such escape system was ever created for their victims.

Will Barbie tell us how the network operated? Will he reveal the identity of his highly placed friends? If he does, other questions are certain to arise. The upper echelons of the CIC knew what Barbie had done; how could they reward him for it? Even in the first frosts of the cold war, was it really necessary to call upon individuals like the Butcher of Lyons? Where was honor in all this? And memory?

The French have even more to fear from the revelations or digressions of their special prisoner. Ever since Marcel Ophüls's documentary *The Sorrow and the Pity* unreeling in Europe and America, people have stopped believing in the myth that France united to resist the occupying forces. On the contrary, France under Pétain fully collaborated with Hitler's Germany. It handed its Jews over to the Nazi executioners—76,000 were deported, few came back. French militia competed with the Gestapo for efficiency. French police organized the roundups. Will the nation be forced to remember its sins? Or will its citizens allow themselves to be manipulated by Barbie and Vergès, who will certainly try to show that even the Resistance was not blameless? That Jean Moulin, a leader of the Resistance who died under the hands of Barbie, was betrayed by his own comrades? In a different domain and on another level, there is some concern that the trial will conveniently and simplistically group the various victims together—dump them all into the same file: Jews and Resistance fighters, Jews and anti-Nazis, Jews and political prisoners. In other words, that the specific, the unique, even ontological aspect of the Jewish tragedy will be lost.

Vergès and Barbie will probably try to blur the distinctions. They may go further and remind France that the nation was itself guilty of torture and murder during the Algerian conflict. War is war, they may say. In war everything is allowed. As Barbie remarked to one journalist, "The point is to win. It doesn't matter how."

In fact, *The State of France v. Klaus Barbie* is not a matter of war. It is a matter of truth. In Lyons, Barbie will have to answer not for his war crimes but for his crimes against

humanity. For these there is no statute of limitations.

He will have to explain, for example, why he condemned the Jewish children of Izieu. Listen to the words of one of those children, eleven-year-old Liliane Gersenstein, in a letter scrawled to God before she was taken on the road that led to the gas chambers: "It is thanks to You that I enjoyed a wonderful life before, that I was spoiled, that I had lovely things, things that others do not have. God? Bring back my parents, my poor parents, protect them (even more than myself) so that I may see them again as soon as possible. Have them come back one more time. Oh! I can say that I have had such a good mother, and such a good father! I have such faith in You that I thank You in advance." Of what was this child guilty?



Barbie in prison

No, Lyons will not provide a restaging of the Eichmann trial. Barbie did not make policy. He was only a regional executioner, a local hangman—he merely participated, did what he was told. His operations only extended to Lyons and its surroundings. Yet if Klaus Barbie was not "important," his trial is. It can serve a vital purpose, for future generations and for our own. Certain witnesses have to be heard: certain truths have to be uttered, repeated. Will they clarify the mystery of what happened? It does not seem possible. The determination of the killer to kill, the passivity of the bystander are likely to remain incomprehensible. There is something about this Event that eludes rational thought. Only those who were there know what it meant to be there. The others can, at best, come close to the gate. There they must stop. They will never see the fire. They will never witness the sight of children thrown into flames alive. They will never experience the fear of selections for the execution chambers. Knowledge can be shared; experience cannot. Surely not in matters related to Auschwitz.

Still, we must hear the testimonies, from the victims, and from Klaus Barbie himself. For in the end they may help us to understand the deeper motivations of a Nazi killer who chose to make himself the enemy of those children and who even now thinks of himself as innocent. Was he normal, like Eichmann? Human, perhaps?

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